

104
DEVELOPMENTS IN THE MIDDLE EAST

Y 4. IN 8/16:M 58/12

Developments in the Middle East, He...

HEARING
BEFORE THE
COMMITTEE ON
INTERNATIONAL RELATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED FOURTH CONGRESS

SECOND SESSION

JUNE 12, 1996

Printed for the use of the Committee on International Relations



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CONTENTS

WITNESSES

	Page
The Honorable Robert H. Pelletreau, Assistant Secretary for Near Eastern Affairs, U.S. Department of State	2

APPENDIX

Prepared statements:	
Chairman Benjamin A. Gilman	29
Assistant Secretary Robert Pelletreau	30
Representative Donald Payne	42
Additional materials:	
List of countries that have adopted sanctions against Iran	43
Amount of money the PLO has received from foreign donors	44
Answer to Chairman Gilman's inquiry on whether or not the State Department will be pressing Mr. Arafat to issue a written order banning the military wing of HAMAS and Islamic Jihad	45
April 24, 1996 PNC resolution and the State Department translation	47
Answers to additional questions submitted by Representative Hamilton ...	51

DEVELOPMENTS IN THE MIDDLE EAST

WEDNESDAY, JUNE 12, 1996

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The committee met, pursuant to call, at 10:20 a.m. in room 2172, Rayburn House Office Building, the Honorable Benjamin A. Gilman, chairman of the committee, presiding.

Chairman GILMAN. The committee will come to order.

Today we welcome our Assistant Secretary for Near Eastern Affairs at the State Department, the Honorable Robert Pelletreau, to our International Relations Committee hearing so that we may look into the latest developments in the Middle East.

It is much too long since we have held a developments hearing, but each time we have scheduled one, events have intervened to draw Secretary Pelletreau away from Washington and his duties into the Middle East. Today, the third attempt at a developments hearing this year has worked out, although this committee has held separate hearings focusing on such important topics as Iran, Iraq, and PLO commitment compliance in recent months.

The situation in the Middle East can change overnight, as we all know, as we have seen with the democratic and free elections in Israel.

We look forward to reviewing recent developments in the region with Secretary Pelletreau in order to gain a better insight with regard to the Administration's positions on a variety of issues, including the election in Israel, the Middle East peace process, the oil-for-food arrangement worked out between the United Nations and Iraq, Iran's subversion of Bahrain, and concerns about Libya and the Gulf.

And, Mr. Secretary, I would also like to refer to the front page article in today's Washington Post regarding Russia's continued reluctance to permit the Jewish Agency to operate throughout Russia.

I joined with the Speaker last month in appealing to Secretary Christopher to ensure that this problem could be favorably resolved. We certainly hope that this is solely a technical, bureaucratic problem and not a shift in any government policy by Russia.

Therefore, I would appreciate your taking the message back with you to our good Secretary along with many of my colleagues who were alarmed by that report and continue to be extremely concerned about the Jewish Agency being restricted in its operations in Russia. We hope that the Secretary will use his good offices to try to alleviate those ongoing concerns.

Would the ranking minority member have any comments?

Mr. HAMILTON. Mr. Chairman, I am very pleased that you have called these hearings, and we look forward to Secretary Pelletreau's testimony.

Chairman GILMAN. Thank you.

Are there any other comments by any of our colleagues? If not, Secretary Pelletreau, you may make your full statement or summarize it, as you see fit.

[Chairman Gilman's statement appears in the appendix.]

**STATEMENT OF THE HONORABLE ROBERT H. PELLETREAU,
ASSISTANT SECRETARY OF STATE FOR NEAR EASTERN AFFAIRS,
U.S. DEPARTMENT OF STATE**

Mr. PELLETREAU. Thank you, Mr. Chairman.

I have submitted my full statement for the record, and, with your permission, I will open with a few brief remarks on the elections in Israel and the peace process in the Gulf.

Chairman GILMAN. Without objection, the full statement will be made part of the record.

[Assistant Secretary Pelletreau's statement appears in the appendix.]

Mr. PELLETREAU. We have all followed the recent developments in Israel with great interest. A hard-fought electoral campaign there is a testament to Israel's vibrant democracy, and we respect Israel's choice.

The President called Mr. Netanyahu after the election to offer our congratulations and to extend an invitation for him to come to Washington for consultations. Since then, we have been in further touch with the Prime Minister-elect and his advisors. They have made clear they want to work with us, as we want to work with them, and they have accepted the invitation to come to Washington after the new government is formed. We look forward to developing a relationship of trust and confidence with the new government just as we had with the predecessor government.

The Prime Minister-elect has said he wants to preserve what has been achieved up to that point and expressed a strong commitment to continue the peace process. We welcome that commitment. The United States has an enduring interest in preserving, consolidating, and building upon the achievements of the Arab-Israeli peace process.

We have supported intensive efforts by Israel and the Palestinians to implement the three agreements they signed in implementation of the Declaration of Principles. The Interim Agreement signed at the White House last September has led to stepped up Israeli-Palestinian cooperation, setting the stage for redeployment and elections. Israel has redeployed from major West Bank cities and surrounding villages. The Interim Agreement also laid the basis for the Palestinian election last January 20, which was a milestone achievement in giving the Palestinian leadership a clear mandate to pursue democracy and peace with Israel.

In response to the Hamas suicide bombings last February and March, ongoing Israeli-Palestinian efforts to combat terrorism intensified. Chairman Arafat, with strong U.S. support, has stepped up efforts to root out terrorists and their infrastructure. We have

stressed to the Palestinian authorities the need to keep up a comprehensive, sustained, and systematic approach to combat terrorism.

We welcomed the vote on April 24 by the Palestine National Council as honoring the PLO's important commitment to approve necessary changes in the Palestinian Covenant. That vote represents an important step toward peace between Israel and the Palestinians. By an overwhelming margin, the PNC took decisive action at a difficult moment in the peace process, underscoring Palestinian support for the peace process.

On all matters pertaining to PLO compliance with its commitments, Mr. Chairman, the United States continues to monitor the PLO's performance under the terms of the Middle East Peace Facilitation Act.

The United States has worked hard to find ways to support the Palestinian people as they strive to manage their affairs and develop a viable economy. Israeli measures to protect Israelis including the closure of Palestinian areas, have had a significant impact on the Palestinian economy.

In response to the worsening economic situation, the Ad Hoc Liaison Committee charged with coordinating assistance agreed on April 12 to press ahead with an emergency jobs program and core development projects to ease the stress on the Palestinian economy.

We remain engaged with Palestinian authorities and the government of Israel to find and implement measures to reconcile Israeli security needs with Palestinian economic needs. Israel has increased the number of Palestinians working in Israel in the past few days and is allowing increased truck traffic through crossing points.

For our part, USAID has now released \$170 million of our 5-year, \$500 million pledge toward development programs and start-up costs of the new Palestinian administration.

U.S. economic assistance to the Palestinians has been an important anchor to the peace process. It has helped Palestinians to implement the peace accords with Israel, effectively manage areas under their responsibility, build critical infrastructure, and improve the climate for doing business. By reinforcing our leadership role, U.S. assistance has also helped mobilize U.S. international donor assistance.

We will continue to press ahead with our assistance program while we closely monitor its management and impact on the lives of ordinary Palestinians. With your help, Mr. Chairman, we look forward to freeing up the U.S. contribution to the Holst Fund in the near future.

Much has to happen before we talk about where the peace process is headed. The new Israeli Government will develop its policies, and we will consult with it as well as with Arab partners who have taken risks for peace.

For our part, we will continue to urge Israel and its Arab neighbors to move forward toward the goal of a comprehensive settlement. All parties have expressed a strong feeling that the United States should remain deeply involved in promoting peace.

Turning to the Gulf, the United States has continued to be active in containing the threats Iran and Iraq each pose to the security and stability of this vital area.

With respect to Iran, our policy is aimed at pressing Iran to change its unacceptable policies, including its continuing support for terrorism, support for groups that use violence against the Middle East peace process, pursuit of weapons of mass destruction, efforts to subvert other governments, and its abysmal human rights record. Our diplomatic efforts have focused greater international attention on these issues and helped increase pressure on the Iranian regime. We have appreciated the opportunity to work with the Congress on legislation aimed at deterring foreign firms from developing Iran's petroleum sector.

Our policy on Iraq remains firm. Iraq must fulfill all its obligations established under U.N. security resolutions passed as a result of Iraq's invasion of Kuwait. Full compliance will reduce Iraq as a threat to the region.

As the committee is aware, the Iraqi Government recently signed a memorandum of understanding with the United Nations on implementation of Security Council Resolution 986. The resolution permits the controlled sale of \$2 billion worth of Iraqi oil over 6 months to finance imports of food, medicine, and other humanitarian items.

The resolution calls for 30 percent of the proceeds to go toward compensating victims of Iraqi aggression and up to 15 percent to be set aside for U.N. administration of the humanitarian program in northern Iraq. The United Nations is now working on the many details of implementation, and there are many steps that must be completed before Iraqi oil begins to flow and humanitarian goods arrive in Iraq.

The point I want to make here is that implementation of Resolution 986 is not a precursor to lifting sanctions. It is a humanitarian exception that preserves and even reinforces the sanctions regime. Until the Baghdad regime complies fully with all its obligations to the Security Council, we will firmly oppose any modification of the sanctions.

Congressional support for our effort to obtain full compliance has been essential. Experience has shown that a firm and unified stance by the United States and others in the international community is the only way to bring about that compliance.

Mr. Chairman, despite the many challenges that persist to regional security, the underlying prospects for a more peaceful, prosperous, and stable region remain very good. This Administration remains committed to ensure that threats are contained and America's vital interests are safeguarded.

Thank you very much, Mr. Chairman. I would be pleased to try to answer your questions and those of the distinguished members of the committee.

Chairman GILMAN. Thank you, Mr. Secretary, for your overview, and I am sure we have a number of questions we would like to get into with you.

Prime Minister Netanyahu is known to oppose the formation of a Palestinian State, while the Labor Party tacitly supported this by dropping its opposition from its platform.

What are the views of the Administration? Is it opposed to a Palestinian State?

Mr. PELLETREAU. The Administration has taken the position that, in their Declaration of Principles, the Palestinians and Israel agreed that that would be one of the subjects that would come up during their permanent-status talks, and the United States respects that agreement. We think that is something that needs to be a subject of negotiation between them.

In the past we had taken a position that we did not see a place for a Palestinian State, but once the two parties had agreed among themselves how they were going to handle that issue, we respect their agreement and their decision.

Chairman GILMAN. So essentially we are not taking any position on that; is that correct?

Mr. PELLETREAU. The position is that we will support an agreement that they work out between themselves.

We have a history that I referred to, and because the new Israeli Government is not yet formed, and it is in the process of developing its policies and its approaches, and because it will be coming here to consult with us, that seems to be the soundest position to take at this time.

Chairman GILMAN. Mr. Secretary, after Prime Minister Netanyahu's elections, some press reports indicated that our Nation might not move forward on a mutual defense pact that had been favored by Mr. Peres.

Are there any planned U.S.-Israel agreements that are on hold as a result of the recent election result?

Mr. PELLETREAU. No. There had not been any agreement on a mutual defense pact. There had been a joint steering committee that had been organized to look into the full range of Israeli-U.S. agreements and see whether additional agreements might be appropriate or necessary, and that remains the situation right now with respect to that subject.

Chairman GILMAN. With regard to the PLO's movement on the Covenant, there are many that have said that this is merely words at this point, that it has been turned over to a law committee for review, with a number of possible conditions attached to the eventual outcome of the PLO covenant change. Can you comment on the Covenant action by the PLO?

Mr. PELLETREAU. Yes, I would be happy to.

The vote in the Palestine National Council was a vote which stated that the Palestine National Charter, as they called it, is hereby amended by canceling the articles that are contrary to the letters exchanged between the PLO and the government of Israel in September 1993.

So it canceled provisions of the Covenant that were inconsistent with its agreements with Israel, and it assigned to the legal committee the task of redrafting the Charter, which is the equivalent, many argue, of drafting a new Charter, which would be presented at some time in the future.

So we and the government of Israel both regard the action which the Palestine National Council took as meeting its commitment to abolish all inconsistent articles.

Chairman GILMAN. Of course until the law committee actually meets and comes forward with their proposal, there is no substantive change at this point; is that correct?

Mr. PELLETREAU. No, I don't believe so, Mr. Chairman. The substantive change is that the Council has voted to abolish the offending provisions of the old Charter. So they are not in effect. The legal committee will be a redrafting committee to draft a new Charter, basically.

Chairman GILMAN. Mr. Hamilton.

Mr. HAMILTON. Thank you, Mr. Chairman. We are going to push ahead with the comprehensive peace process. Do I understand your comments correctly this morning? Our policy is to push ahead with a comprehensive peace process?

Mr. PELLETREAU. That remains our objective. That has been the objective of successive American administrations, yes.

Mr. HAMILTON. Does that mean we are going to pursue a Syrian-Israeli peace agreement and a Lebanese-Israeli peace agreement?

Mr. PELLETREAU. What it means is that, I think in the first instance, we will be consulting with the new government of Israel about its policies and its approach. We will be exchanging views on what we believe has been accomplished in the peace process and—

Mr. HAMILTON. Mr. Secretary, just looking at this rather broadly, if you look at the Prime Minister—the new Prime Minister's positions during the campaign and then compare it with what has been Israeli policy with respect to the peace process, I would like to get your reaction to that.

The new Prime Minister has said yes, as I understand it, to the peace process. He said there will be no discussion with regard to Jerusalem. He has said that the settlements will expand. He has said that the Golan Heights is not going to be returned. He has said no to a Palestinian State and other positions that I am sure you are familiar with.

Now, what is the impact of all of that, in your judgment, on the peace process? What does it mean? Does it mean that the peace process continues but slows down? Does it mean it goes ahead as usual? What happens from this point on?

These positions he has staked out in the campaign seem to me to indicate that the peace process is going to change in some way fairly dramatically. I would just like to get your sense of what all of this means.

Mr. PELLETREAU. I recognize, Mr. Hamilton, you don't want a long answer from me, so I will state very briefly—

Mr. HAMILTON. I would be delighted to get an answer.

Mr. PELLETREAU. You interrupted when I was right in the middle of it.

Mr. HAMILTON. I apologize for that.

Mr. PELLETREAU. That is OK. I just wanted to say I had some additional thoughts I thought might be useful.

A lot of statements have been made during the campaign, but what Mr. Netanyahu has emphasized since he has become the Prime Minister-elect is that, first of all, the new government policies have not been formed. They are in the process of negotiation as the new government is in the process of being established.

We expect one of the first acts of this new government is to have the Prime Minister-elect come here, and we will be consulting with him very closely. The United States has invested heavily, as you know, in the peace process throughout the course of this Administration. We think a lot has been accomplished.

Our initial exchanges with the new Prime Minister indicate that he also seeks a peace process and wants to be involved in a peace process and will look forward to seeing how we can work together to continue to forward that peace process.

Mr. HAMILTON. Do you have any view as to whether or not the peace process slows down? I mean you not only just had the Israeli election, we have our own election coming up. What is your outlook for the peace process? You seem to be indicating that there is going to be a period here where the Israeli Government is sorting through its policies.

We are going to have to sort through our reaction to the Israeli policies. We have got a whole string of Middle East visitors coming to town over the next few weeks, including King Hussein of Jordan coming to Capitol Hill this afternoon. All of that almost certainly means some slowing down of the process, doesn't it?

Mr. PELLETREAU. Well, there certainly has been a period of hiatus while Israel has held its elections, and of course while the new government gets established and moves forward—but I would point out that the Prime Minister-elect has already been in touch with a number of Arab leaders to indicate his interest in continuing and developing the relations with them, and that requires a continuation in the peace process.

Mr. HAMILTON. You probably noted that in the foreign assistance appropriations bill that passed the House yesterday there was no provision for the Middle East Development Bank, and none for the commitment we have made to Jordan to eliminate its military debt. Could you comment on the absence of these provisions and what the implications are with respect to their absence?

Mr. PELLETREAU. The Administration continues to hope that there will be funding found for both of those activities.

Mr. HAMILTON. If we do not capitalize the Middle East Development Bank, does that mean it is dead?

Mr. PELLETREAU. That would be a severe blow. I don't want to say it would be dead, but it would be a severe blow.

Mr. HAMILTON. OK. Thank you very much, Mr. Chairman.

Chairman GILMAN. Our members please take note, there is a roll call under way. We will continue right on through with one of our members going over to vote early. I just want you all to be aware.

Mr. MORAN. Mr. Chairman, I would just like to say Mr. Payne asked that his statement be submitted for the record. Can we do that?

Chairman GILMAN. Without objection, so ordered.

[The prepared statement of Mr. Payne appears in the appendix.]

Chairman GILMAN. Mr. Lantos.

Mr. LANTOS. Thank you very much, Mr. Chairman.

I want to focus on Egypt because I have been profoundly disturbed by President Mubarak's actions since the Israeli election.

We all know that nowhere else in the Middle East is there a system which provides for the peaceful transfer of power through the

ballot box except in the State of Israel. Over 80 percent of the Israeli electorate participated in the elections which resulted in a new government headed by Prime Minister-elect Netanyahu.

Yet I find it extremely disturbing that the President of Egypt, a country which is an enormous beneficiary of USAID assistance and of support of all kinds—has taken such a hostile and negative view toward this new government, organizing a new Arab front at the level of the lowest common denominator vis-a-vis Israel.

I think it is very important that Mr. Mubarak understand clearly that most of us here in the Congress and most of the American people who follow closely developments in the Middle East understand that it is the height of hypocrisy for a collection of authoritarian or hereditary monarchies, brutal military dictatorships, and embryonic democratic societies to question the government of Israel, which reflects the will of the people of Israel arrived at through open and democratic and free elections.

I think it is time now to recognize that democratic change has taken place. It is time to permit the new Prime Minister of Israel to establish his Cabinet and to define his government's program.

This is not the time for threats against Israel. This is not the time to pressure that government, because such intimidation or attempted intimidation will be counterproductive.

I think it is also important for Mr. Mubarak and others to understand that U.S. relationships with Israel are based on half a century of friendship between two democracies and on shared values, a relationship which flourished under both Democratic and Republican administrations here in the United States and under Labor and Likud Governments in Israel. That friendship will continue to flourish. That relationship is the fundamental cornerstone of U.S. foreign policy.

Mr. Mubarak needs to understand that his predecessors in Egypt took two quite different positions on the question of regional peace and stability. President Nasser provoked confrontation with Israel at enormous human and economic cost to Egypt. President Sadat pursued a policy of consolidation of cooperation and peace between Israel and Egypt at great personal risk to himself.

It is my sincere hope that Mr. Mubarak will change his present course, which is destructive and counterproductive, and will assume a positive and cooperative role in improving and building relationships between Israel and Egypt and other Arab countries.

My understanding is that President Mubarak is now putting pressure on Tunisia and others to stop the process of normalization and peace. I think it is extremely important to remember that the Israeli Prime Minister who negotiated and signed the Camp David Accords was a Likud Prime Minister, Menachem Begin.

In the current environment, cooperation and conciliation are much more likely to produce positive results than confrontation and conflict. My hope is, Mr. Secretary, that we will also make it very clear to President Assad—who repeatedly rejected the previous Israeli Government's offerings of land for peace, who refused to make any progress in the peace talks despite absolutely extraordinary efforts by Secretary Christopher and President Clinton and Prime Minister Peres, and who is running a police state which harbors ten terrorist groups, for him to complain about democratic

elections in the State of Israel is absolutely preposterous, and he will not get very far in convincing American public opinion that Syria is even remotely serious about the peace process.

What I am saying, Mr. Secretary, and what I am asking you to react to is the current self-destructive and negative trend in the Arab world, led in large measure by President Mubarak of Egypt and joined by the Saudis and Syrians, again establishing the hostile united front against the only democratic state in the region.

It is clear that adjustments will have to be made in old policies, but to have these dictatorships, authoritarian governments, and police states complain about democratic elections in a free and democratic society is nothing short of preposterous, and I would be grateful for your reaction.

Mr. PELLETREAU. There is no question that the Arab states as well as everyone else must accept the result of a democratic election in Israel. That is a baseline consideration.

We have advised Arab Governments in this transition period in Israel that it would be in their interest not to close doors, not to prejudge what policies this new government will follow until those policies are determined.

With specific reference to Egypt, we know that the Prime Minister-elect has been in touch personally with President Mubarak, and we believe that the arrangements are being made for a direct consultation in the very near future.

Mr. LANTOS. I know that, Mr. Secretary. My question is, do you share my view that Egyptian policy since the election has been counterproductive, not helpful, and it is creating a confrontational relationship between a new united Arab front that he is trying to build and the new government in Israel?

Mr. PELLETREAU. I think you see two tones in the—

Chairman GILMAN. If the gentleman would permit me to interrupt for a moment, I am going to turn the gavel over to Mr. Manzullo, and we will continue with the hearing. Forgive me for interrupting.

Mr. PELLETREAU. One of those tones is the kind of negative and critical questioning tone. The other tone is a tone of support for the peace process, for continued implementation of existing agreements, and I think that is the tone that we need to emphasize and we need to try to reinforce coming out of the Arab world.

I think the new Prime Minister-elect has reached out to Arab leaders to say that he is interested in building on the relationships that have been established and the best course would be a positive response to that.

Mr. LANTOS. If I may just pursue one more item, I have been profoundly disturbed by Egypt becoming an agent for Qadhafi of Libya, by providing Libya with items that, according to our policy of sanctions, should not reach Libya. I am profoundly disturbed by Egypt's attempt to become a public relations agent for the terrorist regime in Libya. And I would like to get the State Department's view on this.

Mr. PELLETREAU. We have raised this issue with Egypt and with other governments whenever there is an indication that there might be a sanctions violation.

Mr. LANTOS. Has there been one, Mr. Secretary?

Mr. PELLETREAU. I don't know of any recent ones, Mr. Lantos, but I do know that Egypt has assured us in the strongest possible terms that it does comply with the sanctions and wants to comply with the sanctions.

It also has a long border with Libya, so it has a relationship with Libya. That relationship was used by the United States recently to encourage President Mubarak to raise our concerns about the Tarhuna potential CW facility, and we are pleased that he has done so. But we will insist that Egypt and all other countries abide completely by the sanctions with respect to Libya.

Mr. LANTOS. Thank you, Mr. Chairman.

Mr. MANZULLO. [Presiding] Thank you.

I have a couple of questions. There was a recent article—and I really don't expect you to answer the question. Maybe if you want to comment on it, that will be optional. If you don't want to, just let me know.

There was a recent article by Henry Kissinger who said that there is a problem, if we could use that word, with the President of the United States aligning himself too closely with leaders of countries as opposed to general overall principles. Then when one of the leaders falls from power, the President is placed in a very difficult position.

Would you want to comment on that? If you say no, I can understand it.

Mr. PELLETREAU. No; I assume that you are making this comment with possible reference to Israel.

Mr. MANZULLO. That is correct, and also with reference to Yeltsin in Russia.

Mr. PELLETREAU. I would say with reference to Israel, which is a situation I have some familiarity with, that during the period of Mr. Peres's Prime Ministership, of course our President developed a very close working relationship with him. But he also met during his Administration with the leader of the opposition, Mr. Netanyahu, as does the Vice President.

The President, I believe, was the first foreign leader to call Mr. Netanyahu when the results of the Israeli election became clear, to offer the congratulations of the United States, to express our interest in developing a close and cordial working relationship, and to invite him to Washington.

So I would say that I don't see any bar to us developing that kind of relationship with the new Prime Minister.

Mr. MANZULLO. I am not saying I agree with Mr. Kissinger's analysis of it. It is just that really everything for which President Clinton stood in Israel seems to be, with the exception of an overall general peace process, to have been defeated in the election that just took place in Israel.

As Mr. Hamilton says, Mr. Netanyahu has diverse views, as it were, from the Labor Party whose leader just went down in defeat.

How much broader could the role of the Administration have been in adopting just some very general principles of peace as opposed to essentially forging, as it were, the peace article itself?

Mr. PELLETREAU. If I understand your question, I would respond by saying that everything did not go out the window with respect to our progress in the peace process.

There are three broad principles that underlie all our activity, and they are respect for democracy and respect for the result of free and fair elections, and, second, that the United States and Israel have a close friendship and a close working relationship, and U.S. support for Israel is rock solid. And that basic support does not change.

And third, of course, is our support for a peace process and the objective of reaching a comprehensive peace between Israel and its Arab neighbors, and we will continue to pursue that objective with the new government.

Mr. MANZULLO. All the questions aside, Mr. Hamilton, did you want to further pursue any questions?

Mr. HAMILTON. Yes, please.

Mr. Secretary, do you expect the Israeli troop withdrawal from Hebron today or soon?

Mr. PELLETREAU. It won't occur today. While there is a transition going on in Israel, the Peres Government has become a caretaker government, and it has specifically identified this issue as one that it would transfer responsibility for to the new government.

Mr. HAMILTON. Israel is committed to withdraw; is that right?

Mr. PELLETREAU. That is the commitment in the agreement, yes.

Mr. HAMILTON. Do you have any doubt that that will be carried out?

Mr. PELLETREAU. I think this is going to be one of the very early issues that the new government will have to tackle, and I would expect it to be one of the early issues that they would take up with the Palestinian Authority as the existing agreements continue to be implemented.

Mr. HAMILTON. What do you see as the implications for the peace process if Israel does not withdraw or only engages in a partial withdraw?

Mr. PELLETREAU. I think a lot depends on the nature of the initial decisions between Palestinians and Israelis on this subject and what they can agree to as to how that part of the existing agreement will be implemented to the satisfaction of both sides.

We have seen during the course of Palestinian-Israeli negotiations that sometimes specific deadlines are not met, and as long as both parties understand the reasons why they are not met and can discuss them and work toward solutions and the direction is positive, then the deadline itself doesn't mean so much.

So it is very difficult to answer that question now when we are in a process of government formation and those initial discussions have not yet taken place.

Mr. HAMILTON. Do you think that the Syrian-Israeli talks are now dead?

Mr. PELLETREAU. Once again, I would have to say that I don't know the answer to that question. I hope that after we have had a chance to consult with the new government and of course consult with the Syrian Government, there will be a basis found for continuing Syrian-Israeli negotiations.

Mr. HAMILTON. In the Oslo Accords, the Palestinians made a number of commitments and agreements and the Israelis likewise made a number of commitments. Overall, can you give us your as-

assessment of compliance by the Palestinians and by the Israelis on the Oslo Accords?

Mr. PELLETREAU. I think performance has been very good overall because the two sides have reached three subsequent agreements since the initial Oslo Declaration of Principles. The Oslo Declaration of Principles was not a perfect document. As those subsequent negotiations showed, there were some gaps and there were some artificial deadlines involved in it, but both sides, in our view, have lived up to it.

Mr. HAMILTON. The new Prime Minister has said, has he not, he would honor the commitments made by the Peres Government?

Mr. PELLETREAU. That is right.

Mr. HAMILTON. Among those commitments is a commitment to redeploy troops in Hebron and the so-called Zone C; is that right?

And has the Palestinian side responded to the Israeli request to transfer criminal suspects to Israel?

Mr. PELLETREAU. The cooperation in the security domain has been improving, but it still has a way to go in improvement. And I don't believe that they have, up to this point, transferred all criminal subjects that have been requested.

Mr. HAMILTON. They agreed to confiscate all unregistered firearms in the areas under their control. Are they in the process of doing that?

Mr. PELLETREAU. Yes, they are in the process of doing that. Firearms are being confiscated; firearms have been registered. This happens generally in connection with their crackdown on terrorist groups and areas and installations where such firearms might be found.

Mr. MANZULLO. Mr. Smith.

Mr. SMITH. Thank you very much, Mr. Chairman.

And welcome, Mr. Secretary, to the committee.

I would just like to shift gears momentarily and ask you to address an issue I have been working on for a number of years, as have many members of the Senate and the House; Mr. Gilman, Mr. Hamilton; on the Senate side, Mr. Lautenberg; and many of us have continually tried to push the case and to try to resolve it because we do believe, based on the evidence I have seen, that a substantial amount of money is still owed to this firm.

As you know, it involves a New Jersey firm and basic respect for contract law. Once entered into, a contract is something that is extremely important to our bilateral relationship.

I would like to ask you what actions have you personally and your staff undertaken during the last 6 months toward a final decision on the matter, whether or not Secretary Christopher has raised this issue, because I do think it continues to be an extremely sore point between ourselves and the Saudi Government.

As you might remember, I recall offered legislation to require disclosure on arm sales. I fully intend to push that in earnest, if not in the remainder of this year, certainly into next year, and I do think we will get a very fair hearing at the White House no matter who occupies it, because the legislation will pass. We are fed up with the delays, and I think you probably share that frustration.

What does the Department of State intend to do between now and the summer recess to try to conclude this? This can't continue

to fester. It does put a black mark on our relationship. And, like yourself, I have spoken to the ambassador to Saudi Arabia. We get nowhere. We get assurances that something will be done. Then nothing actually does happen.

So if you could respond to that, I would appreciate it.

Mr. PELLETREAU. Yes. We have spoken a number of times to the Saudi Government, both to the Ambassador here and I have raised it at the Cabinet level more than once.

As you know, Mr. Smith, I work very closely with Senator Lautenberg as we have tried to encourage the Saudi Government and Hill International to work out a mutually agreeable solution here to their differences here, and we will continue to encourage them to do so.

We have had a good response from Saudi Arabia on other cases and other disputes, but this one remains outstanding, and we would like to see it resolved.

Mr. SMITH. Do you have a realistic hope that will be done, say, within the next couple of months? Because we have heard—and, again, with all due respect, and I know you are trying—we have heard “soon” for so long that we have grown weary with those kinds of things.

Mr. PELLETREAU. Yes, we have all grown quite impatient with “soon”.

I honestly cannot answer whether we would get a positive response from the Saudi Government within the next month or two, but we will continue trying.

Mr. SMITH. Just for the record, Mr. Chairman, I want it to be made very clear, I intend to push this very hard by way of legislation that will mirror our previous efforts. And, as the chairman knows, the only reason the language did not pass was that the bill was vetoed for other reasons; the Senate had not passed a foreign aid component, and therefore that entire section, part 3, dropped out.

I am very confident that there is very strong bipartisan sentiment for passage of this legislation in the end. And why would the Saudi Government allow itself to be held up to this kind of scrutiny for its failure to honor contracts. Having looked at the case very carefully, I am convinced that this is something they should remedy immediately. There is no reason for the delay.

Let me ask one other question. Last year U.S. ambassador to Israel Martin Indyk said in Tel Aviv that there could be no peace with Syria unless Israel withdraws from the Golan Heights.

Last week the State Department spokesman, Nicholas Burns, said the United States supports the concept of territory for peace, and I am concerned this may put undue pressure on the new government, and the new government certainly has a mandate from its own people. That could lead to an undermining of the negotiating process.

Many of us who have followed this for years—I have been on this subcommittee 16 years—have always argued that to surrender the Golan Heights was suicidal for the Israelis. If you still left it up to them to negotiate, are we putting pressure on the Israelis to move in that direction?

Mr. PELLETREAU. The new government will make its own policies after it is formed. It is in the process of drafting and negotiating a policy document right now. After that, we expect Prime Minister Netanyahu to come to Washington and we will consult with him.

One of the aspects of that consultation will be to review what has happened on the Syria and Israeli track up to now and see what basis we might be able to formulate to engage further on that track. But the Israeli Government certainly will set its own policies.

Mr. SMITH. I appreciate that assurance. Thank you, Mr. Secretary.

Mr. MANZULLO. Mr. Moran.

Mr. MORAN. Thank you, Mr. Chairman.

Let me ask you, Mr. Secretary, about U.S. policy with regard to the new government's options that are available to it. I have heard repeatedly your response that we are going to wait and see, wait until the government gets organized, wait and see what Prime Minister Netanyahu does. But it seems to me there must be some points beyond which we will not be accommodating. We have substantial leverage with Israel.

I can't imagine Israel continuing to achieve the kind of social and economic progress it has without the annual \$3 billion in aid plus more than that in additional forms of assistance, particularly military assistance. So we have leverage if we choose to use it.

It seems to me that we have some responsibility to use our leverage in furtherance of a peace in the Middle East because this is in our national direct interest.

Now, we have read stories in the Washington Post about Arab families who have lived for generations in their home being displaced so that Jewish citizens could take over their home. That was just this week.

We have seen renewed—actually, I should say expanded settlements in the administered territories in the West Bank. We have seen a total intransigence, at least from a rhetorical standpoint, in terms of even letting the status of Jerusalem be on the table in the peace process. We agreed that it would be a matter to be decided as part of the peace process.

Now, Prime Minister Netanyahu has to decide who is going to make up his Cabinet, the extent to which people like Mr. Sharon are going to be policymakers, the extent to which he is going to be able to reach some accommodation with the Labor Party or with at least those who are committed to peace, the extent to which he is going to work with some of the investors who have been largely responsible for Israel's economic boom over the last 5 years who are strongly in favor of the peace process.

And you are aware certainly that we have some role to play in that. We are more than a disinterested, passive observer. Certainly we should be.

So I would like to know from you, first of all, are there any points at which the United States would object to extended settlements in the West Bank? Is there any limit that the United States would feel that that was too undermining of the peace process?

Mr. PELLETREAU. I don't think we want to prejudge at this point what the actions or even the policies of the new government are

going to be. And I have made that point. But let me make two additional comments that I think go in the direction that you are going, Mr. Moran. They are that the world and the Middle East have changed somewhat, quite a bit in fact, since the last time a Likud was in power. And two ways that the world has changed, that the Middle East has changed, is that there are significant new peace agreements and new relationships between Israel and the Arab world and there is a significant new economic dynamic in the Middle East that Israel has participated in and profited from the investments that have been seen.

And from what we have seen in the Prime Minister-elect's initial statements and initial actions, he is very aware of these new currents and these new realities in the Middle East, and he does not want to see these gains that Israel has achieved somehow disappear or dissipate, and that is why he has reached out to Arab leaders in his initial phone calls. That is why he has stated very specifically that he supports the peace process. I think that we have a basis there to develop a working relationship with the new government that will be a relationship based on support for a peace process going forward. That is what we are going to work on.

Mr. MORAN. Mr. Pelletreau, I understand the charge that you were given coming up here: Make no commitments; try to be as nice, as friendly, to the new regime as possible; the feeling perhaps that if we were to exercise any leverage, it might backfire. Maybe we simply want to appease everyone. We can from a political standpoint.

I don't take umbrage at your role or your fulfilling it. You are obviously fulfilling it in a very diplomatic way, and I would expect that what we would have gotten was sort of diplo talk, if you don't mind me saying so. It is very good and articulate.

Let me just be specific. The Israeli Government in Oslo agreed to redeploy troops from Hebron and still in the determined areas of Zone C, to release security prisoners, and to create a land passage between Gaza and the West Bank.

We are in agreement with that. There was never any indication that we were not fully supportive of that agreement on the part of the Israeli Government. It was an accord, signed accord.

Now, would we object if those troops were not redeployed from Hebron? Is there any circumstance under which we would object if those—if that accord is not complied with?

Mr. PELLETREAU. We would expect that the discussions which will take place between the new government and the Palestinian Authority would be discussions about implementation of existing agreements as well as how they go ahead, and we would hope and expect that the two sides would continue to work together to implement the agreements that have been reached.

Mr. MORAN. What you just said was that, sorry, but at this point there is no point at which we would find objection to a violation of the agreements in the Oslo Accords. Not to answer a question is to answer one. And you will excuse it because we have a role too, and it is not just simply to try to assuage everyone.

Let me ask you if the United States—put it another way because my time is running out. I am going to take one last shot at getting a specific answer to this question. Is there any point of difference

between U.S. policy and the announced policy on the part of Prime Minister Netanyahu with regard to the peace process? Is there any point of disagreement?

Mr. PELLETREAU. Let me say that U.S. policies and U.S. support for the peace process have not changed and the new Israeli Government has not yet developed its policies. What you have out there are some campaign statements, but the new Israeli Government is in the process of negotiating through a process of give and take between those parties that are going to eventually be represented in the government, and when that policy is formulated and we have had a chance to consult on it, we will.

Mr. MORAN. What you are saying is, we should not take Mr. Netanyahu at his word, that you are assuming that he will change his word with regard to expanded settlements in the West Bank, with regard to there being no discussion on the status of Jerusalem, with regard to redeploying troops. We should not take him at his word because it occurred in the context of a political campaign.

Mr. PELLETREAU. I had pointed out what his initial statements and actions have been since he has been elected and the fact that the new government's policy is yet to be formulated.

Mr. MANZULLO. Mr. Salmon.

Mr. SALMON. I think Mr. Moran faces some of my frustration. We were hoping maybe Israel's campaigners for the top spot were a little different than ours here and they meant what they said in the campaigns.

I just have a couple of questions. No. 1 is about a perception anyway. As I have talked to some of the different people, post-election, regarding the Middle East peace process, a lot of people have expressed great optimism because the Syrians and, maybe even more particularly, Arafat were getting a little bit frustrated with the policies under the Peres Government, that they were frustrated because it seemed like he was kind of all over the map and at least they know where Netanyahu stands. Can you comment on that?

Mr. PELLETREAU. I think, quite honestly, there is more questioning than optimism at this point in the Arab world, but we have been urging Arab leaders not to close any doors at this point, not to prejudge what the policies of the new government will be, and I think that is the overall attitude and the approach they are taking.

Mr. SALMON. One last question. I don't want to take up a lot of time, but it is questioned by many, with the President having placed all of his eggs in one basket, having firmly endorsed Peres and basically shunning Netanyahu. How much is that going to hurt our ability to play in the peace process in the future, having him take such a bold step in the wrong direction? I guess 20-20 hindsight. How is that going to harm our ability to affect the peace process, or at least be a player in the peace process?

Mr. PELLETREAU. We are quite confident we will be able to develop a good working relationship with the new government in Israel, just as we have with the predecessor government.

The President was the first foreign leader when we heard the results of the election to call the Prime Minister-elect to offer his congratulations and express our interest in working together. That was reciprocated by the Prime Minister-elect. He has accepted the

invitation to come here and consult after his new government has been formed.

Mr. SALMON. Thank you.

Mr. MANZULLO. Mr. Deutsch.

Mr. DEUTSCH. Thank you, Mr. Chairman.

Before I ask a couple of questions, I actually want to have a small sort of dialog—not dialog so much but just response to what Congressman Moran mentioned, that clearly the Oslo agreements provide the Israelis will leave Hebron, but the other side of the agreement is that it has conditions that the PLO is supposed to meet before the deployment from Hebron occurs.

So I think the debate really is, and one of the reasons why there have already been dates that have been missed in terms of deploying from Hebron is, even the Peres Government has said that certain conditions preceding that event have not yet occurred, and I think that really is the debate in terms of both, as you mentioned, in terms of essentially extraditing known murderers, and things like that, which clearly have not occurred by the Palestinian Authority at this point in time. I think each of these issues, it is not that they have left Hebron, period, but what had occurred before then.

I want to focus on a couple of specific things both in your written statements and your verbal testimony which praises the April 24th Palestinian National Council vote. And I have spent more time than I want to think about trying to understand what happened at that vote. And I have read official transcripts both in English and Arabic, and I also took the time to have academic Arabs translate to English—not the official translation—what was done, and it is very disturbing. I can't put it in any other words.

I am sure you have seen press accounts of this. You are well aware of the issue that the Arab language accounts are clearly different than the English language official transcript.

There is an event that occurred in your statement that this is a wonderful event. In the English language translation, that was not a debatable point. I would agree with you 100 percent. This was an incredibly historic event. There seems to be very much debate about what actually occurred, and that is very unfortunate, and I would hope that the Palestinian Authority, Yasser Arafat in particular, could clarify it.

Mr. Gilman has focused on questions in his statements to you. I think there is a real question in terms of just the procedure, but the fact that Mr. Gilman has put a hold on PLO funding I think is related to this issue very much so. It would seem as if it would do a lot of good for the peace process if the Palestinian Authority could clarify this. Is this a game, or is there a clearance? Can you respond?

Mr. PELLETREAU. No, I don't think it is a game. I think it was a serious action taken by the Palestinian National Council.

I might say, incidentally, that we have relied in our interpretations on the translation of the Foreign Broadcast Information Service which we regard as an official and authoritative translation. But we and the Israeli Government both regarded the action that they took as meeting their commitment to annul provisions of the Covenant that were inconsistent—

Mr. DEUTSCH. If I could just interject for a second, clearly the present Israeli Government has said that. But in the campaign rhetoric of the new Israeli Government it says exactly the opposite. Prime Minister-elect Netanyahu was well aware of what I am aware of in terms of the differences in translation and has spoken about it on occasion in the campaign.

What is the American response going to be when the new Israeli Government says it is not—which is essentially what they are alleging, which is, he has continuously alleged that the Oslo agreements have not been met on the basic fundamental issue of, you know, repealing the Covenant and calling for destruction of the State of Israel. Netanyahu's campaign rhetoric said he is on the other side of the debate than what you said the U.S. policy is.

Is our position going to change if the Israeli position changes?

Mr. PELLETREAU. I am not going to prejudice what the new Israeli Government position will be on this.

Mr. DEUTSCH. Let me focus, because I see my time is running out, on another specific question, because I see another specific question about what happened just, I guess, yesterday in southern Lebanon, obviously a very disturbing situation, where at least press accounts say that the action that occurred by Hezbollah in southern Lebanon occurred in the civilian areas. The terrorists left from civilian areas and returned back to civilian areas.

Clearly, that appears to be a breach of the agreement that Secretary Christopher was able to establish. It seems almost determined that the Israelis will respond and respond potentially in a significant way.

Is there hope for a negotiating agreement, or is this a blip that has occurred and cost, I guess, five to seven lives at this point? What is going on in southern Lebanon, I guess would be the question broad enough to you specifically, if you can respond to the incident that occurred?

Mr. PELLETREAU. Each side has claimed that the other side has violated understandings. We, frankly, don't have enough detailed knowledge of exactly what occurred to be able to say on that. It does point out that the understandings that we concluded a month ago out there, including the establishment of a monitoring group, point to the need of having some kind of a monitoring group. They are on the ground. We are working on procedures on that. That is one of the early issues we will be taking up with the new Israeli Government.

It is also very clear to us that in this transition time when a new Israeli Government is being formed, that a heating up of the situation in southern Lebanon, heating up of the violence there, is very short-sighted, and we have already engaged with the governments of Syria and Lebanon to try to calm down that situation.

Mr. DEUTSCH. Mr. Chairman, if I could just follow up very quickly to add to Mr. Smith's statement.

You have spoken on many occasions. Between now and the summer recess, if we can see some progress. Obviously it is something that members, I think, have a personal interest in, this issue. I appreciate your help on that.

Thank you.

Mr. MANZULLO. Thank you.

Mr. Wynn.

Mr. WYNN. Let me apologize for not being here. I was in another committee meeting, and if I cover a territory that you have already covered, please indulge me briefly.

Recently, in the past month, the Middle East has experienced a democratic election. Overwhelmingly, 80 percent of the people in Israel participated in the election, which seems to signal some loss of confidence in the peace process, with a newly elected Prime Minister who, while committed to the peace process, was elected on a wave. You have, I think it fair to say, some resistance to the course that his predecessor had taken.

What do you see as a prospect for peace under the new regime? Do you anticipate it will continue in the same manner? Do you think it will affect U.S. policy?

Mr. PELLETREAU. I think there is a very strong desire for peace among the Israeli people. That was manifested during the campaign. In fact, both candidates spoke out in favor of peace. There is also a very strong longing for security, and the Israeli people have voted, and we respect their choice. We respect their democratic system.

We are looking forward to having the new Prime Minister-elect come to Washington, as soon as he has formed his government, to consult with us on how we will work together in promoting a peace process. But we definitely see in the future that we will be continuing to work together with the government of Israel on the peace process.

Mr. WYNN. What is your view of the situation in Hebron? It would appear that it is unlikely that withdrawal is imminent. What is U.S. policy with regard to that? Is that still considered of strategic importance toward developing the peace process?

Mr. PELLETREAU. Hebron is one of the early issues that we expect the new government and the Palestinian Authority will address in their discussions.

There are existing agreements that have not been fully implemented, and they have not been fully implemented in several different respects. I think that how a redeployment in Hebron takes place is going to be one of the early subjects of their discussion, and obviously we hope that they will reach agreement on how that will take place as well as on how other areas of implementation will take place and they will continue in the peace process.

Mr. WYNN. Is it fair to interpret that comment that we can expect some delay in any movement?

Mr. PELLETREAU. There has already been some delay from the original timetable, and that was basically understood by the Palestinian Authority because of the Israeli elections, and because of the formation of a new government. So I think we need to look at the attitude and direction as much as calendar dates in this regard.

Mr. WYNN. The President of Syria used some strong rhetoric in respect to the United States. What is our approach at some point with respect to Syria in that they have been offered in what many perceive to be a very positive and encouraging relationship in terms of land for peace and which they rejected—how are we approaching Syria at this point?

Mr. PELLETREAU. First of all, the United States continues to have very significant differences with the government of Syria largely over its support for terrorism.

Second, we have tried to facilitate negotiations, bilateral negotiations, between the governments of Israel and Syria under the Madrid peace process, and we remain ready to continue to play that facilitative role as the two governments desire us to.

Mr. WYNN. Has Syria given any concrete evidence of attempting to work with the United States or with Israel on any of the issues that are confronting us including the harboring of terrorists?

Mr. PELLETREAU. Well, Syria did engage with the previous government in peace negotiations. Second, Syria did engage with us and the government of Israel and the government of Lebanon in working out a new set of understandings with respect to the situation in southern Lebanon.

Syria has stated on a number of occasions its interest in reaching a peaceful settlement.

Mr. WYNN. Mr. Chairman, if I may have an indulgence, what does Syria have to do to indicate that it is willing to move forward beyond what you just described? What is the United States expecting Syria to do?

Mr. PELLETREAU. We hope that Syria will be ready to deal with the new government in Israel and to work out a basis for continuing negotiation.

Mr. WYNN. Anything concrete in response to harboring of terrorist groups?

Mr. PELLETREAU. I think that is one of the subjects that needs to be addressed in those negotiations as well as a subject that needs to be addressed if they are seeking improvements in their relationship to the United States.

Mr. WYNN. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Wynn.

Mr. Hamilton.

Mr. HAMILTON. Our policy with respect to the settlements has been in the past, as I recall, that increasing or strengthening the settlements was an "obstacle to peace", if I recall the phrase, or "unhelpful". Is that still our policy today?

Mr. PELLETREAU. Our policy has not changed, Mr. Hamilton.

Mr. HAMILTON. If you find settlement activity increasing, what would be the effect of that with respect to current U.S. law, Section 226(d) of the Foreign Assistance Act? That is a complicated section, you may recall, that requires a reduction in U.S. loan guarantees by the amount of money Israel spends on the settlements. That is in the law today.

Mr. PELLETREAU. Absolutely. And we would expect that amounts spent on settlements would be deducted from loan guarantees.

Mr. HAMILTON. All right. I would like to move, if I may, to Iran. We haven't had an opportunity to discuss some of these other areas.

The sanctions against Iran, are they working? Do we have any more support for them than we had in the past?

Mr. PELLETREAU. There has been quite a bit of support for, I would say, a common view with respect to the objections on Iran. But we continue to believe that there has been insufficient eco-

conomic pressure applied by our allies to help persuade the Iranian Government to change its policies.

Mr. HAMILTON. Have any governments followed the U.S. lead, other than Israel and Uzbekistan?

Mr. PELLETREAU. Yes, there have been some, but they have been far too few. What they have been doing is, there has been a significant reduction in credits and insurance offered to the Iranian Government and there has been a noticeable—how shall I put it—a noticeable strengthening of the European attitude in their so-called “critical dialog” with Iran.

Mr. HAMILTON. What does that critical dialog accomplish? Not much, does it?

Mr. PELLETREAU. Very, very little in our view.

Mr. HAMILTON. Would you give us the list of the countries that have adopted the sanctions as we have? I mentioned two; there may be some others.

[The list of countries appears in the appendix.]

I have been under the impression that the Achilles’ heel for Iran, for the Iranian economy, is its dependence on this debt rescheduling by its leading European creditors. Is that an Achilles’ heel, as you see it, for Iran?

Mr. PELLETREAU. I don’t see it quite that strongly. I see it as one of the points of pressure. There is going to be a considerable amount due on past debts in 1996.

Mr. HAMILTON. Why can’t we get the Europeans to crack down a little bit more on these reschedulings? Don’t they realize that Iran plays one off against the other in this business? That if, in fact, this critical dialog is showing some signs of strengthening, as you said a moment ago, surely on this point of rescheduling debt we can get some agreement?

They have a lot of influence today over the Iranian economy because of the debt situation. What is the matter with our European friends here? Why can’t they crack down?

Mr. PELLETREAU. We have made this very same point, Mr. Hamilton, to European Governments and we hope that they will be taking a much tougher attitude on debt rescheduling.

Mr. HAMILTON. Why don’t they?

Mr. PELLETREAU. I presume it is because they wish to preserve some sort of a continuing commercial relationship.

Mr. HAMILTON. Because they are making money on it; is that it?

Mr. PELLETREAU. That is it.

Mr. HAMILTON. Let me go into this question of a dialog with Iran for a minute. We visited that before, but do we have any preconditions before beginning such a dialog?

Mr. PELLETREAU. Our preconditions for it are that it would be an authorized and aboveboard and accepted dialog by the Iranian Government. We are not looking to do something under the table or behind anyone’s back. It would be an authorized, out-in-the-open dialog, and that would be affirmed by direct communication.

Mr. HAMILTON. They are unwilling to do that?

Mr. PELLETREAU. We have never had any interest from them in doing that.

Mr. HAMILTON. They never showed any interest in that?

Mr. PELLETREAU. No, there have been occasional soundings that we have heard through third governments and that sort of thing, and when we go back through our protecting power to ask if there is official interest, we don't get a response.

Mr. HAMILTON. So have we made it very clear to the Iranian Government, one way or the other, that we are prepared to enter into a dialog with them without precondition if it is authoritative and open, as you have described it; is that correct to say?

Mr. PELLETREAU. That is correct.

Let me add to that that we are not running after them. We are not actively trying to initiate or encourage or promote a dialog, but we are open to a dialog, an official authorized dialog at which we will discuss our very real differences.

Mr. HAMILTON. We have had dialog with them on the claims issue at The Hague; have we not?

Mr. PELLETREAU. We continue to—

Mr. HAMILTON. And that continues?

Mr. PELLETREAU. Yes, that is right.

Mr. HAMILTON. Other than that, we have no diplomatic interaction with them?

Mr. PELLETREAU. Occasional exchange of messages through protecting power channels.

Mr. HAMILTON. Is Saddam Hussein's base of power getting narrower and narrower in Iraq?

Mr. PELLETREAU. It is getting narrower.

Mr. HAMILTON. Is he secure today?

Mr. PELLETREAU. He continues to be in power, but I think his power is shakier. We have seen divisions emerging over the past year within the Tikriti clan that is the dominant clan in Iraq. We have seen dissent from other tribal groups. We have seen increasing desertions from the army. So, yes, his base is getting weaker, but he is still there.

Mr. HAMILTON. I understand.

U.N. Security Council Resolution 986 places where you have a lot of conditions on the sale of Iraqi oil. Are you confident that the procedures are in place so the proceeds from the sale of that oil will in fact not be abused, not be diverted, will in fact go toward the humanitarian relief of the Iraqi people?

Mr. PELLETREAU. We are very insistent that these procedures be vigorous and transparent and produce the type of result you have just described. But the procedures have not all been worked out yet. They are still being worked out at the United Nations, and we are watching that process very closely.

Mr. HAMILTON. Will that take you another few weeks or months to get those procedures?

Mr. PELLETREAU. Something like that. I can't say how long because Iraq, for example, has to submit a distribution plan that it has not yet done.

Mr. HAMILTON. If we are not satisfied with those procedures—"we" being the United States—will that stop it?

Mr. PELLETREAU. It will be a question of the Sanctions Committee, but we have been very active and I think we will have considerable influence.

Mr. HAMILTON. Can we stop it?

Mr. PELLETREAU. I think so.

Mr. HAMILTON. There is a report in the paper this morning—I don't know if you have had the opportunity to see it—that Iraq barred U.N. inspectors from a weapons site again. Here we go again—still playing games with us on the weapons site access.

Mr. PELLETREAU. This occurred yesterday, the latest UNSCOM inspections. UNSCOM inspectors were denied entrance to a special Republican Guard facility. That is directly contrary to Security Council resolutions. The Security Council is meeting this morning, probably right as we speak, to consider that Iraqi action; and we take it very, very seriously. It is a direct violation of their obligations.

Mr. HAMILTON. Mr. Chairman, we appreciate your patience. I will ask one other question.

Who is in charge in Saudi Arabia today?

Mr. PELLETREAU. King Fahd is King of Saudi Arabia.

Mr. HAMILTON. I know he is King, but that wasn't the question.

Is he still in charge? He temporarily transferred power to the Crown Prince, and I think he reclaimed it. Has he, in fact, reclaimed it and is he running the country today?

Mr. PELLETREAU. Yes, he has in fact returned to power; he is chairing Cabinet meetings and meeting with foreign officials. He is the King of Saudi Arabia.

Mr. HAMILTON. The Crown Prince, is he carrying out any role here? I heard he was carrying out most of the day-to-day operations of the government.

Mr. PELLETREAU. Well, in the period when he was acting as Regent, he was carrying out the full responsibility and this, I think, is an element of stability in the Saudi Government that when the King became ill, they immediately acted so that the authority of government transferred to the Crown Prince.

Mr. HAMILTON. So the King is now carrying out those duties?

Mr. PELLETREAU. The King is now back carrying out duties. I honestly can't tell you across the board whether there are some additional duties that are carried out by the Crown Prince or others, but the King is back chairing cabinet meetings, as I say, and meeting with foreign officials.

Mr. HAMILTON. Do you have any indication at all that the King is going to step down soon?

Mr. PELLETREAU. No.

Mr. HAMILTON. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Hamilton.

Just a few more questions, Mr. Secretary; then we will let you be on your way.

What information has the PLO provided recently on U.S. nationals that might have been held by the PLO or its various factions? Has any information been provided?

Mr. PELLETREAU. I am not sure we have had recent information from the PLO, but these are cases that we continue to be actively involved in and we have approached the government of Syria on several occasions using information that we had obtained from Palestinians to try to get the government of Syria's affirmation and cooperation to get further. This is an important humanitarian issue, and the United States is going to continue to pursue it.

The CHAIRMAN. Thank you. We hope you will continue your efforts.

Mr. Secretary, the compliance report notes that our Nation is actively engaged in increasing the accountability of the Palestinian Authority's financial operations. Can you give us a little more detail of what we are seeking and what has been proposed?

Mr. PELLETREAU. We insist on very vigorous accountability for every dollar of U.S. assistance that is provided for Palestinian development, and we do that through independent accounting firms. We have also insisted that independent accounting firms be used for accounting for distributions through the Holst Fund, and we brought the Palestinian Authority to comply with that and to accept that. So we think we have made considerable progress in achieving Palestinian accountability for international assistance funds.

There are other funds that the authority receives from their own fees and licenses and taxes on Palestinians and things sometimes come from other foreign governments that don't have a strict accountability of our own.

The CHAIRMAN. Do we have any way of telling how much has been donated by other countries?

Mr. PELLETREAU. We have a pretty good idea on that.

The CHAIRMAN. How much has the PLO received in the last year from foreign donors?

Mr. PELLETREAU. I would have to get the exact figure for you.

The CHAIRMAN. Could you supply that for us and make it part of the record, and without objection, we will include it in the record?

Mr. PELLETREAU. Yes.

[The exact amount appears in the appendix.]

The CHAIRMAN. When Mr. Arafat issued orders to ban Hamas and Palestinian Islamic Jihad following the bombings, those orders were oral and not in writing, while similar instructions have always been written down. Does that cast doubt on the sincerity of his order?

Mr. PELLETREAU. I don't believe so, Mr. Chairman.

The Palestinian Authority has been quite vigorous in the way it has carried out those orders. It has detained hundreds of Hamas and Islamic Jihad activists. It has entered and raided refugee camps and the Islamic University and teaching colleges, it has gone after them in a very visible and, I would say, very intrusive way. A number of Hamas leaders have been arrested and others are being pursued. Cooperation between Palestinian and Israeli security authorities has improved.

The CHAIRMAN. Will the department be pressing Mr. Arafat to issue a written order banning the military wings of Hamas and Islamic Jihad?

Mr. PELLETREAU. That wasn't something we had any doubt about, but I would be pleased to look into it.

The CHAIRMAN. I would welcome if you would.

[The answer to Chairman Gilman's inquiry appears in the appendix.]

With regard to Syria, the German magazine, Stern, reported in May that Syria was developing a chemical weapons plant in Alep-

po. What information do we have with regard to that and what are we doing to try to prevent that from becoming operational?

Mr. PELLETREAU. When we saw that report in Stern, we saw some confirmation. We do not as yet have confirmation through our own sources. That is indeed what is happening. But we take very seriously any developments of weapons of mass destruction capability in Syria, and we will follow that very closely.

The CHAIRMAN. I think it would be extremely important that we do that and we would welcome any reports that you may have.

Mr. Secretary, one last question. Syria's relations with Jordan have worsened over the past several months when Jordan sought to gain greater influence with Iraqi opposition groups. Can you tell us to what extent we see a deterioration of the Syrian-Jordanian relationship, as we will be meeting with His Majesty this afternoon?

Mr. PELLETREAU. I was going to say there was considerable tension. Their relationship is not very good. This is nothing new in their history. Over the last 25 years there have been more periods of dissension and difficulty between Syria and Jordan than there have been periods of close and cooperative relations.

I would say that it is likely that both leaders will be attending the Arab summit soon, and so there is likely to be some interaction between them. But we, again, would take seriously, very seriously, any threats or any subversive activities against Jordan on the part of Syria.

The CHAIRMAN. One last question: What was the Administration's response when it learned that two Iranian frigates would make a goodwill port visit to Qatar on June 6th? Did we intervene or make any statement with regard to that?

Mr. PELLETREAU. We have taken that up with the government in Doha expressing our concern about that visit and what it might portend. We have received assurances that it does not portend any increase in military cooperation between the two countries. There was no military exercise involved, but we nevertheless took the occasion to express our concern and convey to the Qatari Government our view that such visits are not helpful and not positive in promoting greater security in the Gulf.

The CHAIRMAN. Did we respond in any manner to the news that Qatar has put its trade office with Israel on hold following the recent election?

Mr. PELLETREAU. I think at this point that it is premature to say that that has definitely been done because there has been direct contact between the Prime Minister-elect and the Qatari Government.

The CHAIRMAN. Mr. Deutsch.

Mr. DEUTSCH. Thank you, Mr. Chairman.

Just to follow up on the two issues that I raised previously, clearly from your statement you believe that the Palestinian National Authority has the destruction of the State of Israel?

Mr. PELLETREAU. That is correct.

Mr. DEUTSCH. How do you respond to translations—and again, as I mentioned, I have gotten several just from academics, and I asked them to translate where the verb in Arabic is an active verb, not a passive verb. If you are not familiar with the debate, I can

assume that you would basically—the translation is that they are amending, not that they have amended, and there is a lot of difference between “amended” and “amending” and “amended”.

I assume that the people that did the translations—one from American University and one from Georgetown University that I paid to do translations, both of whom are academics there, both of them came to the same translation essentially.

I am asking you, you have said you have gotten independent verification you are saying this is not a debate. That is what you said: There is not a debate going on.

Mr. PELLETREAU. That is not something in the translation that we use, which we regard as an official translation.

Let me also, because you raised it, quote from the letter that Chairman Arafat sent to Prime Minister Peres.

Mr. DEUTSCH. I am familiar with it. I have a copy of that letter, as well; your staff has provided me with that.

Mr. PELLETREAU.—and that says, “Is hereby amended.”

Mr. DEUTSCH. You don't think there is any debate about what was done at that convention? As far as you are concerned, this is just a fantasy of the people that I had translate this, and a fantasy of a lot of people, including the Chairman?

Mr. PELLETREAU. I don't know about this particular debate. I know we have observed, we have looked very closely at our official translation and—

Mr. DEUTSCH. Our time is running out. We are in the middle of a vote. You really did not respond to the Chairman's request this be referred to a committee. As far as you are concerned, that is a finalized issue, the Palestinian Authority absolutely changed their covenant, is no longer calling for the destruction of the State of Israel?

Mr. PELLETREAU. That is the way we read it, yes.

Mr. DEUTSCH. All right. I am going to give your staff these two translations, if you can respond in some type of written response.

[The original PNC resolution and its translation appear in the appendix.]

Let me also follow up on the issue of southern Lebanon. In my prior series of questions, your response to my question said that there is a debate also. This one, you say there is a debate about what actually happened.

Could you clarify that, and are we in a process of trying to ascertain, was there a violation? Who did the violation of Secretary Christopher's agreement in southern Lebanon?

Mr. PELLETREAU. Well, what we know is that there was an ambush in the security zone and there were Israelis who were killed. Now, we are not sure ourselves, we haven't been able to verify how that ambush was perpetrated, when it began, who was involved in it, where exactly they came from. That is the sort of question that this monitoring group that was established under the understandings would be expected to look into and be able to determine.

Mr. DEUTSCH. Thank you very much. I appreciate it.

The CHAIRMAN. Mr. Pelletreau, we thank you for being patient and being here. We thank you for your testimony.

The committee stands adjourned.

[Whereupon, at 12 noon, the committee was adjourned.]

[Answers to additional questions, submitted by Mr. Hamilton, appear in the appendix.]

APPENDIX

June 12, 1996

Full Committee Statement of
Chairman Benjamin A. Gilman on
Developments in the Middle East

We welcome our Assistant Secretary for Near East Affairs at the State Department, Ambassador Robert Pelletreau, to our International Relations Committee hearing room this morning, so that we might discuss the latest developments in the Middle East.

It has been too long since we have held a "Developments" hearing, but each time we have scheduled one, events have intervened to draw Secretary Pelletreau away from Washington to the Middle East. Today, the third attempt at a "Developments" hearing this year, is the charm...

Although this Committee has held separate hearings focusing on such important topics as Iran, Iraq, and PLO commitment compliance in recent months, the situation in the Middle East can change overnight, as we have seen with the democratic and free elections in Israel.

So we look forward to reviewing developments in the region with Secretary Pelletreau today, in order to gain a better insight into the Administration's positions on a variety of issues, including the election in Israel, the Middle East Peace Process, the oil for food arrangement worked out between the UN and Iraq, Iran's subversion of Bahrain, and concerns about Libya and the Gulf.

DEVELOPMENTS IN THE MIDDLE EAST
Statement of Robert H. Pelletreau
Assistant Secretary for Near Eastern Affairs
Department of State
Before the House International Relations Committee
June 12, 1996

Mr. Chairman, distinguished members of the Committee: I am pleased to appear before you to review recent developments in the Middle East and North Africa. My statement today will focus on the peace process. I will also review our policy toward the Persian Gulf, Iraq, Iran, the GCC, Libya and Algeria.

There are few areas of the world where so many important U.S. interests come together as in the Middle East. Let me begin by restating American interests in the region. They include:

- Securing a just, lasting and comprehensive peace between Israel and all its neighbors.
- Maintaining our steadfast commitment to Israel's security and well-being.
- Building and maintaining political, economic and security relations with our friends in the Gulf and ensuring unimpeded commercial access to area petroleum reserves, which are vital to our economic prosperity.
- Ensuring fair access for American business to commercial opportunities in the region.
- Countering the proliferation of weapons of mass destruction, and the systems to deliver them, and combating terrorism.
- Promoting more open political and economic systems and respect for human rights and the rule of law.

Mr. Chairman, promoting peace and security in this turbulent part of the world remains at the forefront of the Administration's diplomatic efforts. We have a major interest in preventing the outbreak of conflict and promoting the peaceful resolution of disputes. We also have an interest in compelling changes in conduct by rogue states, limiting the means of potential war-makers, and isolating extremists who foment destabilization and conflict. These goals can only be achieved through sustained political engagement, backed by American military power, and with the support of our friends and allies.

Middle East Peace Process

The Administration is fully committed to helping secure a just, lasting and comprehensive peace in the Middle East. Over the past three-and-a-half years, the United States has given strong support to Israel and its Arab partners as they take bold and courageous steps toward peace. Our support has been especially critical in recent months as the enemies of peace have waged a violent campaign to undermine the peace process. The suicide bombings in Israel in February and March, followed by the crisis involving Lebanon and Israel in April represented not only a human tragedy, but a serious challenge to the peace process.

In both cases, the United States took the initiative to safeguard the peace process and refocus attention on negotiations. Following the suicide bombings in Israel, President Clinton organized the Sharm el-Sheikh summit, which brought together leaders from around the world to support Israel at a difficult moment and to send a clear message that terrorism must be confronted and beaten. Likewise in the Lebanon crisis, the understanding brokered by Secretary Christopher has helped control the fragile situation there and protect civilians on both sides of the Israel-Lebanon border.

These achievements are a testament to the extraordinary resilience of the peace process in the face of repeated challenges. Each setback has brought new energy and resolve to move forward. Over time, this dynamic has wrought a remarkable transformation in the region. In the past three years, Jordan has joined Egypt in signing a peace treaty with Israel; Israelis and Palestinians have signed three landmark agreements; two Arab-Israeli economic summits have been held; eight Arab League members have made official visits to Israel; all but three Arab states have participated in some aspect of the peace process; and Israel has exchanged diplomatic offices with Morocco and Tunisia and commercial offices with Qatar and Oman.

Israeli Elections

The hard-fought election campaign in Israel last month demonstrated the vibrancy of its democracy. Prime Minister-elect Netanyahu is now forming a new government and could present it to the Knesset as early as next week.

President Clinton called the Prime Minister-elect after the election to congratulate him on his victory on behalf of the United States and to extend an invitation to Washington. Ambassador Indyk has met with Mr. Netanyahu subsequent to the election, and Secretary Christopher has already spoken with the incoming Prime Minister several times. Mr. Netanyahu has expressed a strong commitment to continue the peace process and has conveyed his commitment directly to Egyptian, Jordanian, Omani, Qatari and Palestinian leaders.

We will consult with the new government as it develops its policies, as well as with our Arab partners who have taken risks for peace. We consider it important to implement and build on the agreements which Israel and the Arabs have negotiated.

Israel-Palestinians

Israel and the Palestinians have engaged in almost-continuous negotiations since 1993 to transform their milestone Declaration of Principles into an operational arrangement on the ground. These negotiations have produced three landmark agreements, including most recently the September 1995 Israel-PLO Interim Agreement extending Palestinian self-rule into the West Bank. This agreement, signed at the White House, delineates both sides' rights and responsibilities in political, economic, security, resources, and other areas and creates a framework for cooperation. A trilateral committee established by the U.S. and including both parties serves as an additional forum to spur implementation of the bilateral agreements.

The redeployment of Israel Defense Forces from Palestinian cities this fall and winter in accordance with the Interim Agreement was accomplished with only minor incidents. The March redeployment from Hebron was delayed by mutual agreement between Israel and the Palestinians. The Palestinian authorities have assumed their responsibilities and are for the first time managing their own affairs. The redeployment expanded joint security patrols, increased liaison activities, and generally laid the basis for the ongoing Israeli-Palestinian cooperation to combat terrorism.

The Palestinian election on January 20 was another milestone achievement. The U.S. gave political encouragement and critical support for the election through the National Democratic Institute, the International Republican Institute, and the International Foundation for Electoral Systems. Palestinian voters defied the Hamas call to boycott elections and turned out in large numbers. The balloting transpired largely without incident, and the successful elections gave the Palestinian leadership a clear mandate to pursue peace, democracy, and co-existence with Israel.

In response to Hamas suicide bombings in Israel last February and March, Chairman Arafat, with strong U.S. support, has taken serious steps against the Hamas infrastructure and has gone far to eliminate its terrorist capabilities. The United States has stressed to Arafat and other Palestinian leaders the need to keep up a comprehensive, sustained, and systematic approach to combat terrorism.

The United States welcomed the vote on April 24 by the Palestinian National Council as honoring the PLO's important commitment to approve necessary changes to the Palestinian Covenant. This vote represented an important step toward peace between Israel and the Palestinians. By an overwhelming margin, the PNC took decisive action at a difficult moment in the peace process, underscoring Palestinian support for Arafat's commitment in the Interim Agreement.

The United States continues to monitor Palestinian performance in these matters closely. On May 15, the Department provided an update to the March 1 report to Congress on PLO compliance with its commitments. In that update, we assessed recent activities by the PLO and Palestinian Authority to fight terrorism, amending the PLO Covenant, and implement Israeli-Palestinian agreements. The President will once again carefully weigh the facts at hand before making his determination, pursuant to MEPFA, whether or not to renew the suspension of certain statutory restrictions on the PLO, which expires on June 15.

The United States has worked hard to find ways to support the Palestinian people as they strive to manage their affairs and develop a viable economy. Israeli measures to protect Israelis, including the closure of Palestinian areas, have had a significant impact on the Palestinian economy. In response to the worsening economic situation, on April 12 the Ad Hoc Liaison Committee charged with coordinating assistance for the West Bank and Gaza Strip agreed to press ahead with an emergency jobs program and core development projects to ease the stress on the Palestinian economy. The jobs creation program in small civil works has resulted in sustained employment for 15,000-20,000 workers, but this is not enough to overcome the effects of closure.

We remain engaged with Palestinian authorities and the government of Israel to find and implement measures to reconcile Israeli security needs with the Palestinians' economic needs. Israel announced last week that it would more than triple the number of Palestinians allowed to work in Israel to 22,000. Israel also will allow increased truck traffic through the crossing points.

The United States will strive in the next phase of the aid effort to build on the solid achievements of the past year. About \$900 million of the \$2.4 billion five-year pledge by all donors in 1993 has been disbursed. For our part, USAID has released \$170 million of our five-year, \$500 million pledge toward development programs and start-up costs of the new Palestinian administration. Last week, we signed a \$24 million contract that will further our flagship wastewater project in Gaza. Assuming we can reestablish the favorable conditions of late last year, we will achieve our objectives in this critical area of the peace process.

Israel-Jordan

In October 1994, Jordan became the second Arab state to sign a peace treaty with Israel. Jordan and Israel are now charting a new course in the search for peace and prosperity in the Middle East as they expand bilateral contacts and work to build a warm peace. In January, Jordan and Israel signed the last of 14 agreements called for in the peace treaty covering such areas as tourism, trade and economic cooperation, energy and transportation. These agreements have facilitated normalization, as reflected by the commencement in April of commercial air service between Amman and Tel Aviv. The Jordan Rift Valley development scheme and the Eilat-Aqaba joint airport terminal offer particularly dramatic potential for expanding economic and cultural relations. The United

States has actively supported these initiatives through the U.S.-Israel-Jordan Trilateral Economic Committee.

The commitment shown by President Clinton and the Congress to help Jordan has bolstered King Hussein's resolve to embrace full peace with Israel. Congressional support for writing off Jordan's official debt has been essential, and we hope the Congress will eventually provide the \$25 million requested in the Administration's FY 1997 budget necessary to forgive the remainder of Jordan's bilateral debt. U.S. assistance has also been essential to help Jordan defend itself in a dangerous neighborhood. We welcome the Congress's support for the provision of U.S. military equipment and services under a defense drawdown and the transfer of an F-16 squadron to help modernize the obsolescent Royal Jordanian Air Force.

Other Bilateral Tracks

Syrian-Israeli negotiations have made important substantive progress over the past months. There were three rounds of talks between senior Israeli and Syrian officials from December to March under U.S. auspices at the Wye River Plantation conference center in Maryland. These talks were an effective format for the discussions between Israel and Syria. The last round was suspended following the terrorist bombings in Israel. These discussions can provide a solid foundation for progress whenever negotiations resume.

The April clashes along the Lebanon-Israel border underscore the need for progress toward peace. The understanding brokered by Secretary Christopher to end the crisis is a marked improvement on the understanding he negotiated in 1993. Unlike the previous understanding, it is written and contains important provisions to help protect civilians on both sides of the Israel-Lebanon border. It establishes a consultative group to address economic needs, as well as a monitoring group that includes the United States, France, Israel, Lebanon and Syria to review complaints about implementation of the understanding.

I should add that we support Lebanese independence, sovereignty, and territorial integrity and that we share the goal of the Lebanese people of a nation secure and at peace, and free from all foreign forces.

Multilateral Initiatives

The Multilateral track of the peace process launched in early 1992 shortly after the Madrid peace conference, complements the bilateral peace negotiations by focusing on issues of regional concern. The Multilateral Working Groups bring together representatives of Israel, thirteen Arab countries, and more than 30 parties from outside the region to address broad issues such as water, the environment, economic development, refugees, and arms control and security.

The working groups have made progress on specific projects which promote the long-term peace, stability and prosperity of the region. For example, the Water Resources Working Group, which the United States chairs, has launched major initiatives to study water supply and demand in the region, build water data banks, and establish the Middle East Desalination Research Center in Oman. Recently the group agreed to a new project proposed by the U.S. to increase public awareness of water consumption needs and techniques. The Working Group on economic development has implemented initiatives announced at last year's regional economic summit in Amman, including the Middle East-Mediterranean Travel and Tourism Association and a regional business council. On May 31 in New York, the Americas Division of the travel and tourism association was established. We expect it will be followed by the creation of other regional divisions. Activities such as these give us a glimpse of the promise of the region in a era of comprehensive peace.

Tangible improvements in the lives of people in the region will help peace in the Middle East to take firmer root and spread. The Middle East-North Africa Economic Summit process, begun two years ago in Casablanca, addresses this need in practical and symbolic ways. The practical effect is to stimulate economic development; the symbolic effect is to show what can be accomplished in a more peaceful and cooperative Middle East. Last October, the Amman summit brought together more than 1,000 business leaders and representatives from 70 countries. The conference spurred regional economic integration, private investment, and the development of regional economic institutions.

We envision that this year's economic summit in Cairo in November will build more momentum for a political, economic, and psychological transformation of the Middle East and North Africa, including economic liberalization in Egypt and other regional states. The summit will demonstrate to governments and their populations that peace with Israel can bring tangible benefits. The summit will reinforce the concept of a public-private partnership for development in the Middle East, which will receive additional impetus at the summit next year in Qatar, and at annual economic summits after that. The Administration is also managing the economic summit process to enhance commercial opportunities for U.S. business.

A priority regional initiative this year is the Middle East Development Bank (MEDB). The MEDB will be an innovative financing institution, emphasizing cofinancing with the private sector and other financial institutions. Its mandate is to promote private sector growth and entrepreneurship; support regional development projects, particularly transborder infrastructure; and enhance regional economic policy dialogue and coordination.

A remaining blight on the positive trend toward regional economic interaction is the Arab League's boycott of Israel. The boycott is a vestige of the past, and boycott practices on the ground continue to erode as peace spreads. The GCC states renounced their adherence to the secondary and tertiary aspects of the boycott in September 1994, and the number of boycott-related requests from the Gulf states has fallen significantly

during the past year. Israeli economic ties with Egypt and Jordan -- two states that have abandoned the boycott altogether -- are on the rise. We will continue to urge the Arab states to take unilateral actions against the boycott while we press for an Arab League resolution to end it.

Egypt

Egypt remains an important and influential partner in the search for peace and security in the Middle East. We work closely together to advance the peace process, regional stability, and other issues important to our interests. President Mubarak's establishment of a new government in January reflected his personal commitment to accelerate economic reform and liberalization. It was an announcement that Egypt is open for business. Prime Minister Ganzouri already has taken steps to reduce tariffs, streamline the Egyptian bureaucracy, and introduce legislation to encourage domestic and foreign investment in Egypt. The Partnership for Economic Growth and Development has taken root and is already promoting private sector development. The Egyptian government recently has sold off majority shares in several para-statal through the Cairo stock exchange. The upcoming Cairo Economic Summit represents a unique opportunity for Egypt to showcase improvements in the climate for investment and to demonstrate its fitness as a regional leader in the economic arena. We are working closely with the Egyptians and others to ensure the summit's success.

The violence of Islamic extremists in Egypt is a matter of serious concern to us as well as other friends of Egypt. The protracted low-level conflict, largely in Upper Egypt, however, does not threaten the stability of the country. The tragic slaying of the Greek tourists in April was, in our view, an aberration.

Challenges to Peace and Stability

Progress toward a settlement of the Arab-Israeli conflict since 1993 warrants a degree of optimism that would have been unrealistic in past years. There are, however, serious continuing threats to our interests in the Middle East. Forces of terrorism and rejection remain active and bent on killing the hopes for peace. In addition, extremist movements -- religious and secular -- that resort to violence and terror challenge several governments in the region. The pursuit of weapons of mass destruction by several states poses a long-term threat, which must be stopped. I would underscore that the activities of Iran, Iraq and Libya remain primary sources of concern. Let me turn now to our policy toward the Gulf region.

Iraq

The United States is determined to prevent Iraq from again becoming a serious threat to international stability and peace. Our policy on Iraq remains unchanged: Iraq must fulfill all obligations established under the UN Security Council Resolutions passed

as a result of Iraq's invasion of Kuwait. Full compliance would reduce Iraq as a threat to the region.

As the Committee is aware, the Iraqi government recently signed a memorandum of understanding with the UN on implementation of UN Security Council Resolution 986. The resolution permits the controlled sale of \$2 billion in Iraqi oil over six months to finance imports of food, medicine and other humanitarian items. The resolution calls for 30 percent of the proceeds to go toward compensating the victims of Iraqi aggression and up to 15 percent to be set aside for a UN-administered humanitarian program in northern Iraq. The UN is now working on the many operational details of implementation, and there are many steps that must be completed before Iraqi oil begins to flow and humanitarian goods arrive in Iraq. Implementation of the resolution is not a precursor to lifting sanctions. It is a humanitarian exception that preserves and even reinforces the sanctions regime. Until full compliance is a reality, we will oppose any modification of sanctions. Congressional support for our effort to obtain full compliance has been essential. Experience has shown that a firm and unified stance by the United States and others in the international community is the only way to bring about compliance.

Iraq's one concession to the resolutions -- its recognition of Kuwait -- was subsequently tainted by statements in official Iraqi media suggesting that the recognition was not to be taken seriously. Meanwhile Iraq has failed to fulfill any of its other obligations. It has failed to account for hundreds of Kuwaitis missing since the Gulf War; it has not returned Kuwaiti property looted during the occupation; it has not ceased its support for terrorism; it continues to brutally repress its own citizens; and Iraq is still not complying with all of its obligations regarding weapons of mass destruction (WMD).

The United States fully supports the efforts of the chairman of the UN Special Commission (UNSCOM), Ambassador Ekeus, to fulfill its mandate under Security Council Resolution 687, and to ensure the full dismantling of Iraq's WMD program. UNSCOM continues to find evidence that Iraq is hiding evidence on its weapons programs. As Chairman Ekeus noted in his most recent report to the Security Council on April 16, "there are still significant deficiencies and gaps in Iraq's disclosures on chemical and biological weapons, proscribed ballistic missiles and related capabilities. The Commission has noted recent acquisition of prohibited items by Iraq. This means that the Commission has serious concerns that a full account and disposal of Iraq's holdings has not been made." The United States will continue to oppose any relaxation of sanctions until Iraq demonstrates peaceful intentions through its overall compliance with UNSC resolutions.

Regarding the conflict between rival Kurdish groups in northern Iraq, we continue our efforts to persuade Kurdish leaders to resolve their differences. We continue to make clear to the Kurds that the United States supports the territorial integrity of Iraq, and we look forward to the day when all Iraqis can enjoy the protection of a democratic, pluralistic government in Baghdad.

Iran

Our policy toward Iran is aimed at pressuring Tehran to change its unacceptable policies. This Administration has made clear that we have deep objections to specific aspects of Iranian policies, including its continuing support for terrorism; support for groups that use violence against the Middle East peace process; pursuit of WMD; efforts to subvert other governments; and a human rights record which is deservedly condemned by the international community.

We seek to focus international pressure on Iran to change this behavior. Economic pressure is necessary both to limit Iran's capabilities and to convince the leadership in Tehran to abandon its threatening policies. Thirteen months ago, the United States reaffirmed its determination to hold Iran accountable for its actions by imposing a unilateral trade and investment embargo. In focusing pressure on Iran, we seek to exact an economic cost for its continued pursuit of objectionable policies and activities.

Securing the cooperation of our allies is important to our strategy; the impact of our pressure on Iran's economy will be much greater if these measures are multilateral. Although the European states have not joined us in a trade embargo of Iran, they have substantially reduced the pace and volume of their commercial relations with Iran. The Europeans continue to favor a "critical dialogue" with Iran, although they admit that it has been unsuccessful in changing Iranian behavior. We are not opposed to the critical dialogue, but have urged the EU to challenge Iran's continued engagement in unacceptable activities with some form of pressure.

Because we want to increase the costs to Iran, the Administration supports the intent of the pending sanctions legislation. We want to deter foreign firms from developing Iran's petroleum sector. As the Committee is aware, we were prepared to support the bill that was reported out of the Senate Banking. We have appreciated the opportunity to consult with this committee, House Ways and Means, and the House Banking Committee, and hope we can soon reach a final bill that maximizes the pressure on Iran -- and Libya -- while minimizing unnecessary costs to our other interests.

We remain steadfast in our efforts to work closely with our allies to help thwart Iran's efforts to build up conventional military capabilities and acquire items useful for its WMD programs. We have secured commitments from Russia and 30 other governments participating in the Wassenaar Arrangement to prevent the acquisition of arms and sensitive dual-use items for military use by countries of concern -- including Iran and three other pariah states, Iraq, Libya, and North Korea. We have achieved general agreement among nuclear-materials-producer states not to assist Iran in development of nuclear weapons. Russia and China remain important exceptions to this international consensus. We continue to discuss this issue with Moscow and Beijing at the highest levels and will not be satisfied until they stop all nuclear cooperation with Iran.

The United States is committed to lead this effort to pressure Iran for the long-term. We must recognize, however, that, if America is to lead, we must have followers. We need to tailor our diplomatic and legislative strategy to ensure that we do not damage our own economic and political interests more than we hurt Iran.

GCC

A second focus of our policy in the Gulf, complementing our efforts to counter the threatening potential of Iraq and Iran, is maintaining close political, economic and security ties with our friends, the Gulf Cooperation Council states. We work with them closely to ensure regional peace and stability. They provide significant support to the Middle East peace process; they are vital members of the anti-Iraq coalition and strong supporters of the sanctions regime; and they see eye-to-eye with us on Iran. We also maintain an extensive dialogue with the Gulf states on economic and trade issues. These states are important markets for U.S. goods. Many are members of the World Trade Organization, and the Saudis are actively negotiating to join.

Gulf Security is thus an important American concern. We are seeking to bolster the defensive capabilities of the GCC states by urging them to work more closely together on collective defense and security. We have also strengthened our ability to act quickly in cooperation with our regional partners by maintaining strong forces in the region, by prepositioning equipment and material, and by providing defense articles to friendly states.

The U.S. also stands with GCC states as they move to confront a variety of domestic challenges. Given increasing populations and relatively stable oil prices, our friends face difficult economic decisions. We seek every opportunity to encourage the GCC states to move toward more participatory mechanisms of government involving all elements of its citizenry. None of the GCC states, however, faces a serious threat to overall governmental control and authority. In the case of Bahrain, we take very seriously recent allegations of Iranian support for militants seeking to overthrow the government. We would view with great concern any external effort to destabilize it or compromise its economic and social development and recently announced political reforms.

Libya

Libya continues to pose a threat to security in North Africa and beyond. On March 21, the United Nations Security Council voted for the twelfth time to extend its sanctions regime against Libya. This vote reflects the Security Council's opinion that Libya has not yet met the requirements of UNSC 731 concerning the bombings of Pan Am 103 and UTA 772. We strongly condemn Libya's lack of cooperation in helping bring these tragic episodes to an end. We will continue to support the international community's resolve to see that justice is served.

While we have seen tangible results from the UN sanctions, we have yet to see Libyan compliance with the UN resolutions. More needs to be done. There are

significant differences between the U.S. position on enhanced sanctions and that of our allies, but we continue to press for more effective action. I would like to note that in April we held a productive meeting in London with our British and French counterparts to examine ways to tighten the existing UN sanctions regime in areas such as terrorism, aviation, financial activities and Libya diplomatic presence abroad. As we have indicated in our consultations with the Congress, we support legislation that contains sanctions against companies that violate the existing UN bans on certain trade and transactions with Libya.

From time to time, the Government of Libya seeks would-be intermediaries both in the U.S. and abroad to negotiate a settlement to bring sanctions to an end. Let me repeat the message we and the international community have said so many times: there are no alternative avenues to resolution of this problem other than full compliance with Security Council resolutions of the United Nations.

We continue to have serious concerns about Libyan efforts to augment its WMD capabilities. On the issue of Libya's chemical weapons complex at Tarhuna, we remain deeply concerned about Libya's continuing chemical weapons program. Given Qadhafi's long history of financial and military support to terrorist movements around the world and his uncompromising stance against the peace process, we believe that no good can come from a state sponsor of terrorism with that kind of destructive capability.

Algeria

We continue to follow and assess developments in Algeria with great interest. There have been significant political developments in recent months which give room for encouragement, but violence remains a deep concern. We deplore the heinous killing of seven French monks last month by the Armed Islamic Group. The U.S. responded positively to the election of President Zeroual last November and his announced intention to pursue national reconciliation in Algeria. In December, President Clinton indicated in a letter to the newly-elected president that the United States was prepared to support him as he takes steps to build on his election by broadening and accelerating this process of reconciliation and his government continues its economic reforms. We continue to urge a process of political and economic reform leading to national reconciliation among all Algerians who disavow violence and terrorism.

I traveled to Algiers in March and was encouraged by President Zeroual's commitment to strengthen democratic pluralism in Algeria. The legislative elections announced for early next year can be an important element in the reconciliation process. Political measures alone are not enough; a program of political inclusion, more aggressive economic reform geared toward freeing the private sector, proactive security measures and continued marginalization of extremists provide a basis for stability and can give the Algerian people hope for the future. We are concerned, however, by the pattern of censorship and seizure of Algerian newspapers by the Algerian government. We see a free and open press as a vital element of a peaceful political solution.

The United States encourages Algeria to seize the opportunity for greater political stability and economic progress. We will continue to watch the situation in Algeria closely to assess the credibility and democratic nature the forthcoming elections. A political solution remains essential for a peaceful resolution to the Algerian crisis.

Conclusion

Mr. Chairman, recent developments in the Middle East and North Africa present the United States with opportunities and challenges. Despite the many dangers that persist to regional security, the underlying prospects for a more peaceful, prosperous, and stable region are better than ever before. We are committed to helping further this trend: facilitating negotiations, promoting regional cooperation, supporting the peacemakers, and standing firm against the forces of extremism and terror. Events of recent months serve as a reminder of the formidable challenges to security that remain in this volatile region. This Administration will work to ensure that threats are contained and America's vital interests are safeguarded.

Thank you.

OPENING STATEMENT
BY
CONGRESSMAN DONALD M. PAYNE
COMMITTEE ON INTERNATIONAL RELATIONS
"DEVELOPMENTS IN THE MIDDLE EAST"
JUNE 12, 1996

Thank you Mr. Chairman for calling this important hearing on the developments in Israel. I would just like to state for the record that I have always supported Israel's right to exist. The recent elections on May 29 produced a narrow defeat of Israeli Prime Minister Shimon Peres by Likud party leader Benjamin Netanyahu. It has been nineteen years since Israel has had its first Likud prime minister.

During the period of suicide bombings in Israel in February and March 1996 many innocent people were killed. Political and military events in Israel and the U.S., as well as in the rest of the world have had important ramifications for each country's defense posture. It is important that we remember the most significant advances of the Oslo accord that included provisions that would incorporate concerns from all sides.

On June 2, Netanyahu stated that "the state of Israel embarks today on a new road, a road of hope a road of unity, a road of security , a road of peace." He said very encouraging things about continuing to work to include all sides involved in the peace process.

I would like to congratulate Netanyahu on the success of his election and I am sure that the transition will be a smooth one. Before becoming Prime Minister, he was a great statesman--solider, Ambassador to the U.N. and a graduate from MIT--and I am sure that he will carry this to his new office. We should all keep in mind that Yitzhak Rabin lived and gave his life for peace. This was his lasting legacy and it should be ours as well.

Thank you once again Mr. Chairman for calling this pertinent hearing on the heels of the recent election in the Middle East.

Date of Hearing, June 12, 1996
Page 52
Lines 1195-1196

QUESTION

(Regarding the USG's efforts to isolate Iran through economic sanctions and our efforts to convince our allies to adopt similar measures.) Would you give us the list of the countries that have adopted the sanctions, like we have? I mentioned two [Uzbekistan and Israel]; there may be some others.

ANSWER

No other countries have adopted a similarly comprehensive set of sanctions. However, some of our allies have been cooperative in halting projects or suspending credits to Iran. We appreciate Japan's decision to postpone disbursement of the second tranche of a loan for the Karum Dam project. Norway's decision to stop extending government credits to Iran, and to refuse further rescheduling of Iran's debt is also helpful. We will continue to encourage our allies to take stronger action to convince the government of Iran that it must stop pursuing rogue policies. We are pleased with the strong cooperation of our allies in denying Libya and Iran access to development technology for weapons of mass destruction and their cooperation in exercising restraint on issuing new official credits and guarantees to Iran.

Date of Hearing June 12, 1996
Page 59-60
Line 1375-76

Question:

How much has the PLO received in the last year from foreign donors?

Answer:

According to estimates of the World Bank, donor states and institutions have disbursed approximately \$360 million for economic development projects and other financial support in the West Bank and Gaza during the last twelve months. These funds were not distributed to the PLO, but were disbursed to a wide range of non-governmental organizations, private contractors, and elements of the Palestinian Authority.

Date of Hearing 6/12/96
Page 61
Line 1400-04

Question:

Will the Department be pressing Mr. Arafat to issue a written order banning the military wings of HAMAS and Islamic Jihad?

Answer:

At our urging, Chairman Arafat banned those organizations on March 3, 1996. The text of that order is attached. The U.S. Consulate General in Jerusalem's informal translation is as follows:

The despicable crime which took place this morning in Jerusalem, in reality is not only directed against the peace process and against Israelis, but also is fundamentally directed against the interests of the Palestinian people, their attempt at building a nation, and their Palestinian National Authority. This is an example of the bloody cycle of violence which endangers the Palestinian people, their national achievements, the lives and livelihoods of their sons, and the futures of the generations to come.

Accordingly, and bearing in mind its duty and responsibility to its people, the Palestinian National Authority will not stand by with its hands tied before this heinous foreign plot directed by the enemies of the Palestinian people and the enemies of peace who use Palestinian elements to commit their crimes.

The authority has decided to take all necessary and immediate action to ban the pseudo-military groups such as the Fatah Hawks, The Black Panthers, The Red Star (DFLP), The Red Eagles (PFLP), and Qasm (PIJ). This is for the sake of establishing order, security, stability, and safety and so that the commitments made by the Palestinian people may be implemented.

The National Authority, as it condemns this criminal, terrorist act in its own name and that of the Palestinian people, also sends its condolences to the families of the killed and injured in this traumatic event as well as to the Israeli Government.

The Palestinian National Authority -- one and all -- will respond by taking all required measures to confront this dangerous situation which threatens lives as well as interests, even the very existence of the Palestinian people.



بيان صادر عن السلطة الوطنية الفلسطينية

إن الجريمة النكراء التي وقعت صباح اليوم في القدس ليست في الواقع موجّهة ضد عملية السلام وضد الإسرائيليين فحسب ولكنها موجّهة أساساً ضد مصالح الشعب الفلسطيني وضد تجربته الوطنية وضد سلطته الوطنية، وهي بذلك تعبير عن دوامة عنف دموية يكون وقودها الأول الشعب الفلسطيني ومكتسباته الوطنية وحياة أبنائه المعيشية ومستقبل أجياله.

إن السلطة الوطنية الفلسطينية استئناراً منها لواجباتها الوطنية ومسؤولياتها تجاه الشعب الفلسطيني سوف لا تقف مكتوفة الأيدي أمام هذه الماكرة الخارجية السافرة الموجهة من أعداء الشعب الفلسطيني وأعداء السلام والتي تستخدم هذه العناصر الفلسطينية في جرائمها . وقد قررت السلطة متابعة القيام بكافة الإجراءات الضرورية والفورية التي يفرضها هذا الموقف، بما فيها حظر نشاط كافة المنظمات شبه العسكرية مثل صقور الفتح والفهد الأسود والقسام والنجم الأحمر والنسر الأحمر وقسم، وذلك من أجل فرض النظام وتأمين الاستقرار والأمن والأمان وتنفيذ الالتزامات التي تعهد بها الشعب الفلسطيني.

والسلطة الوطنية إذ تدّين باسمها واسم الشعب الفلسطيني، هذه العمليات الاجرامية الارهابية، ترسل تعازيها الى عائلات القتلى والجرحى جراء الحادث المفجع وإلى الحكومة الاسرائيلية.

هذا وسوف تتابع السلطة الوطنية الفلسطينية اتخاذ جميع الاجراءات اللازمة لمواجهة هذا الوضع الخطير الذي يهدد ارواح ومصالح وبقاء الشعب الفلسطيني بكافة فئاته.

غزة : ١٩٩٦/٣/٣

Date of Hearing
6/12/96
Page 65
Line 1501-04

Question:

How do you reconcile the different possible translations of the April 24 PNC resolution amending the PLO charter?

Answer:

The Department has received three informal alternative translations of the covenant from Rep. Deutsch.

The PNC's official English-language translation of the PNC resolution adopted on April 24 was transmitted to us by Chairman Arafat. It reads as follows:

OFFICIAL TRANSLATION

The Palestinian National Council, at its 21st session held in the city of Gaza,

Emanating from the declaration of independence and the political statement adopted at its 19th session held in Algiers on Nov. 15, 1988, which affirmed the resolution of conflicts by peaceful means and accepted the two states solution,

And based on the introduction of the Declaration of Principles [DOP] signed in Washington D.C. on 13 September 1993, which included the agreement of both sides to put an end to decades of confrontation and conflict and to live in peaceful coexistence, mutual dignity and security, while recognizing their mutual legitimate and political right,

And reaffirming their desire to achieve a just, lasting and comprehensive peace settlement and historic reconciliation through the agreed political process,

And based on international legitimacy represented by the United Nations Resolutions relevant to the Palestinian question, including those relating to Jerusalem, Refugees and Settlements, and the other issues of the permanent

- 2 -

status and the implementation of Security Council Resolutions 242 and 338,

And affirming the adherence of the Palestine Liberation Organization to its commitments deriving from the D.O.P. (Oslo 1), the provisional Cairo Agreement, the letter of mutual recognition signed on 9 and 19 September 1993, the Israeli-Palestinian Interim Agreement on the West Bank and the Gaza Strip (Oslo 2) signed in Washington D.C. on 28 September 1995, and reconfirm the resolution of the central Council of the P.L.O. adopted in October 1993, which approved the Oslo Agreement and all its annexes,

And based on the principles which constituted the foundation of the Madrid Peace Conference and the Washington negotiations, decides:

1. The Palestinian National Charter is hereby amended by canceling the articles that are contrary to the letters exchanged between the P.L.O. and the Government of Israel 9-10 September 1993.

2. Assigns its legal committee with the task of redrafting the Palestinian National Charter in order to present it to the first session of the Palestinian central council.

(End Text)

PLO Chairman Yasir Arafat conveyed this decision in a May 4, 1996 letter to Prime Minister Peres, which stated:

As part of our commitment to the peace process, and in adhering to the mutual recognition between the Palestinian Liberation Organization and the Government of Israel, the PNC was held in Gaza City between 22-25 of April 1996, and in an extraordinary session decided that the Palestine National Charter is hereby amended by canceling the provisions that are contrary to the letters exchanged between the PLO and the Government of Israel on 9/10 September 1993.



United States Department of State

Washington, D.C. 20520

September 24, 1996

Dear Mr. Chairman:

Following the July 30, 1996 hearing at which Assistant Secretary Robert H. Pelletreau testified, additional questions were submitted for the record. Please find enclosed the responses to those questions.

If we can be of further assistance to you, please do not hesitate to contact us.

Sincerely,

A handwritten signature in cursive script that reads "Barbara Larkin".

Barbara Larkin
Assistant Secretary
Legislative Affairs

Enclosures:
As stated.

The Honorable
Benjamin A. Gilman, Chairman,
Committee on International Relations,
House of Representatives.

Question for the Record
Submitted to Assistant Secretary Robert H. Pelletreau
by the Honorable Lee H. Hamilton
House International Relations Committee
June 12, 1996

Answer Incorporates Information Available as of August 19, 1996

Peace Process: Israeli-Palestinian Track

Question A1: What do you expect to happen in the Israeli-Palestinian talks on the final status of the territories, talks which began just last month?

- Is it U.S. policy to press for their early resumption?
- Is the agenda of these final status talks already set by agreement?

Answer:

The Israeli government has made clear its commitment to agreements already concluded and its willingness to continue negotiations with the PA. Representatives of the new Israeli government and PA officials have been in contact.

Foreign Minister David Levy held the new government's first ministerial-level meeting with Chairman Arafat on July 23. Arafat and Levy agreed that follow-on Israeli-Palestinian meetings would continue at various levels to deal with a wide range of issues.

The Israeli-Palestinian Civil Affairs committee met August 14 for the first time since the Israeli elections to discuss implementation of existing agreements. This meeting marked the resumption of dialogue on issues of crucial importance to the peace process. Further meetings are expected to be held in the near future.

We are encouraged by this dialogue and urge that it be continued and intensified in keeping with existing agreements. Arrangements for permanent status talks will need to be sorted out by the parties themselves.

According to the Declaration of Principles, the permanent status negotiations are to cover the remaining issues between the parties, including, Jerusalem, refugees, settlements, security arrangements, borders, relations and cooperation with other neighbors, and other issues of common interest.

Answer Incorporates Information Available as of August 19, 1996

Peace Process: Israeli-Palestinian Track

Question A2: Prime Minister elect Netanyahu has made clear that Jerusalem should remain undivided and under Israeli control.

- What are the points of difference here between U.S. policy and Israeli policy?
- How does Prime Minister elect Netanyahu's position on Jerusalem impact the next phase of the peace process.

Answer:

Jerusalem is one of the most sensitive and volatile issues in the peace process. Israel and the Palestinians themselves have formally agreed to discuss this issue in the context of direct, permanent status negotiations. It would be unwise for the U.S. to take any actions which could be interpreted as prejudicing this sensitive issue.

The government of Israel has expressed its position on Jerusalem. So has Chairman Arafat. All parties should focus on the hard work of making the negotiations a success.

Answer Incorporates Information Available as of August 19, 1996

Peace Process: Israeli-Palestinian Track

Question A3: Is there any language in the Oslo II agreement or annexes, excluding the specific reference to Jerusalem voting in the elections, that should affect the behavior or actions in Jerusalem of either Palestinians or Israelis?

Answer:

We encourage all parties to concentrate on the negotiations, not on issues that may polarize the situation.

Following are the sections of the September 1995 Interim Agreement that refer to Jerusalem:

Article XVII

Jurisdiction

Paragraph 1a

"In accordance with the DOP, the jurisdiction of the Council will cover West Bank and Gaza Strip territory as a single territorial unit, except for: issues that will be negotiated in the permanent status negotiations: Jerusalem..."

Article XXXI**Final Clauses****Paragraph 5**

"Permanent status negotiations will commence as soon as possible, but not later than May 4, 1996 between the Parties. It is understood that these negotiations shall cover remaining issues, including: Jerusalem..."

Annex II**Protocol Concerning Elections****Article VI**

This article sets forth election arrangements concerning Jerusalem with respect to campaigning, polling arrangements, and voting procedures.

Depending on the issue, the parties may also find other sections of the agreement relevant.

Answer Incorporates Information Available as of August 8, 1996

Peace Process/Economics

Question:

1. How would you describe the economic situation in the West Bank and Gaza right now?

-- How are closures, for security reasons, of the West Bank and Gaza impacting the economic climate?

-- What are the biggest obstacles to increasing economic opportunity in the West Bank and Gaza?

-- What will improve investment possibilities in the West Bank and Gaza?

-- What role is the Overseas Private Investment Corporation (OPIC) playing in encouraging investment in the area?

Answer:

Economic conditions in the West Bank and Gaza are difficult. Unemployment remains quite serious in both areas, and particularly severe in Gaza. Diminished access to markets and raw materials for Palestinian firms has led to a contraction in production, employment, and income. The security measures, including closure, taken in the wake of the February and March bombings have eroded both domestic and foreign investor confidence. The economic slowdown has had a parallel negative impact on Palestinian Authority revenues and on the implementation of donor projects.

The major obstacles to increasing economic opportunity include the limited natural, financial, and human resource base

from which the Palestinians are starting, the lack of certainty in the business climate as a result of violence, the threat of violence, security measures designed to curb that violence, and a lack of predictable and transparent laws and regulations.

Progress in negotiations between Israel and the Palestinians on the implementation of the Interim Agreement and final status issues could have a salutary effect on the investment climate. An improved security situation in the West Bank and Gaza will improve the chances for meaningful investment to occur. Easing the closure, consistent with security requirements, to allow for greater flows of labor, raw materials, and transport is critical if the investment climate is to improve. An improved security situation, coupled with progress on political issues and the enactment and enforcement of predictable and transparent laws and regulations in areas administered by the Palestinian Authority, is also fundamental to improving the business climate and possibilities for investment.

OPIC has issued a limited amount of risk insurance and investment finance as part of the pledge announced by the U.S. in late 1993 to assist the Palestinians in the West Bank and Gaza. OPIC is considering additional proposals from private U.S. entities, some of which appear to be promising. OPIC has also led a number of investment missions to the West Bank and Gaza, and concrete investment opportunities have grown out of these missions. Without a significant improvement in the investment

climate, however, it is doubtful if the demand for OPIC's programs from U.S. firms with viable proposals will increase.

Answer Incorporates Information Available as of August 8, 1996

Peace Process/Assistance Issues

Question:

1. Please describe the U.S. assistance now being provided to the Palestinians, both through bilateral and multilateral assistance.

-- What are the overall U.S. objectives in providing this assistance?

-- How successful have you been in achieving them?

-- What are the tangible accomplishments, to date, of U.S. assistance?

Answer:

U.S. assistance to the Palestinians is a key component in our effort to bring a just, lasting, and comprehensive peace to the Middle East, and to demonstrate the concrete results of peace to all people in the region. Within that broader goal, the U.S. has identified three strategic objectives in its assistance program in the West Bank and Gaza: the improvement of water resources and water and wastewater management, the promotion of the private sector, and the advancement of democracy, good governance and the rule of law. All of our individual programs, whether implemented by non-governmental organizations, private contractors, or UN agencies, are aimed at one or more of these three goals.

While many of our programs are multi-year in nature whose full effects can be gauged only later on, initial results since late 1993 have been promising. The sewage and wastewater situation in Gaza city has improved for thousands of people. Scores of Palestinian enterprises have received small working capital loans. Free and fair elections have occurred, partly as a result of the voter education and other programs supported by the U.S. Civil society has increased its participation in issues with which Palestinian society and its authorities are grappling. While much has been accomplished, much more remains to be done.

We have been able to leverage our assistance program to gain the support of other donor countries within the framework of the Ad Hoc Liaison Committee for Palestinian aid chaired by Norway, the Consultative Group process led by the World Bank, and multilateral donor conferences. The U.S. has played an important leadership role in the international donor effort, and has been able to advocate successfully for high standards of accountability and transparency in the donor effort through the creation and use of well-audited aid mechanisms such as the Holst Fund to support Palestinian recurrent expenditures.

Answer Incorporates Information Available as of August 8, 1996

Peace Process/Assistance Issues

Question:

2. What obstacles preclude U.S. assistance from going forward at this time?

--What is the impact of a "hold" on \$10 million of U.S. assistance to the Holst Fund?

--Does this hold to U.S. assistance for the Holst Fund (the multilateral funding mechanism that supports the Palestinian Authority) affect the contributions of other donors? How so?

Answer:

The hold on \$10 million in assistance deprives the Holst Fund of resources it badly needs to fulfill its mandate in supporting recurrent expenditures incurred by the Palestinian Authority and audited by a respected, Western accounting firm. Without timely and regular Holst Fund transfers, the ability of the Palestinian Authority to operate normally is severely prejudiced.

The U.S. leadership role in the international donor effort is also harmed by the inability of the U.S. to make good on this commitment. A major component in our success in leading the donor effort has been our ability to leverage our support in order to gain that of others in Europe, Asia, and the Arab world.

This leverage, along with U.S. credibility, has suffered because of the hold.

The Israeli-Syrian Track

Question:

Syria has failed to address a number of contentious issues raised repeatedly by both the Congress and the Executive, including human rights, support for international terrorism, drug trafficking, and Syria's domination of Lebanon.

- What is U.S. policy on how and when to try and tackle these bilateral disputes?
- What progress has occurred on each of these issues?
- Has there been any retrogression on these issues?
- Is it your position that there will be no substantial improvement in bilateral ties with Syria until there is progress on these issues, irrespective of what might happen in the peace process?

Answer:

We have significant differences with Syria on a number of bilateral issues. Where we can find common ground, we work together. Syrian cooperation is essential to achieving a comprehensive peace in the Middle East. Where we find difficult issues of concern, we use our dialogue to address these issues.

There has been some progress on human rights. For example, the Syrian government took a major step in allowing Syrian Jews to travel, and we are very pleased that all Syrian Jews wishing to travel have been and are able to receive exit

permits. Since December 1991, the Syrian government has released over 6,000 security detainees in several mass amnesties. In addition, Syria has allowed visits by two international human rights organizations and permitted international observers to attend some State Security Court trials. However, 3,800 - 9,000 political prisoners remain in detention, often without charge or trial. Our annual Human Rights Report states that human rights abuses remain, including arbitrary arrest and detention, lack of a fair trial in security cases, torture, and the denial of many basic freedoms. Human rights in general is an important element of our bilateral agenda, and we raise it regularly at the highest levels with the Syrian government.

While we have no evidence of direct involvement by the Syrian government in the planning or implementation of terrorist acts since 1986, Syria continues to provide support and safehaven to various terrorist groups, including the Popular Front for the Liberation of Palestine - General Command, the Palestinian Islamic Jihad, and Hamas. Syria will remain on the list of state sponsors of terrorism as long as it continues to do so. Both President Clinton and the Secretary have raised this issue with the highest levels of the Syrian government and called on the Syrians to

restrain these terrorist groups and to cease providing them with support.

Syria has taken some positive steps to counter narcotics production and trafficking in the areas under its control. For example, in 1995, Syrian/Lebanese cooperation resulted in substantial reduction of cannabis cultivation in the Bekaa Valley and virtual elimination of opium cultivation. Syrian authorities increased seizures and arrests in Syria and cooperated with Lebanese security forces to increase seizures in Lebanon. Syria instituted a tough domestic anti-narcotics law in April 1993 which includes provisions for the seizure of assets obtained through trafficking. While Syria improved its performance in 1996, it needs to do more to curb drug production and trafficking. In particular, we have asked Syria to cooperate with Lebanese authorities in closing down drug processing labs operating in Lebanon.

The U.S. is committed to the implementation of the 1989 Taif Accord as the best means to ensure the full independence and territorial integrity of Lebanon. The goal remains the withdrawal of all foreign forces from Lebanese territory and a separate peace agreement between Israel and Lebanon which

takes into account Lebanon's political and security interests.

Both President Clinton and the Secretary have consistently pressed these concerns with President Asad and other senior Syrian officials. We will continue to do so and to make clear that our concerns must be met before the U.S. can build a mutually beneficial bilateral relationship with Syria.

Answer Incorporates Information as of August 9, 1996

Conflict in Southern Lebanon

Question:

1. Several weeks ago, Secretary Christopher helped to negotiate a set of understandings among Syria, Israel, and Lebanon to produce a durable cease-fire and cessation of fighting along the Lebanese-Israeli border.

-- What do you think you achieved in this emergency diplomacy?

-- What has happened since the cease-fire was put in place?

-- Is the last attack on an Israeli patrol in Lebanon in which five Israelis were killed and several others wounded a violation of the understandings you reached?

-- Has there been any impact from the Israeli elections on your efforts to follow-up on the 1996 Understanding regarding southern Lebanon?

Answer:

The Secretary's shuttle diplomacy achieved its objective -- an agreement that saved lives and ended the suffering of the people on both sides of the Israeli-Lebanese border.

Implementation of the April 26 Understanding ended the Katyusha rocket attacks into northern Israel and protected civilians in both Israel and Lebanon, allowing them to return to their homes.

On July 12, the U.S., France, Israel, Syria and Lebanon reached agreement on the mechanisms governing the establishment and operation of the Monitoring Group called for in the Understandings. The Monitoring Group will monitor the application of the Understandings and handle complaints. The Group held its first meeting in the South Lebanese town of Naqoura August 8.

The April 26 Understanding was designed to deter and prevent attacks on civilians along the Israeli-Lebanese border. Hizballah attacks such as the one referenced above only serve the interests of those opposed to a peaceful resolution of the Arab-Israeli conflict.

The Israeli election on May 29 caused a recess in the negotiations on the Monitoring Group mechanism. The negotiations were successfully concluded July 12.

Answer Incorporates Information as of August 9, 1996

Conflict in Southern Lebanon

Question:

2. The set of understandings you reached called for the creation of a monitoring group for southern Lebanon and a commission to coordinate help for Lebanon.

-- What progress have you made in the last seven weeks creating an effective monitoring group among France, Syria, Israel and Lebanon to ensure that fighting does not resume?

-- How many people will be in this monitoring group and will it be stationed in Cyprus?

-- What is the trigger that would bring the monitoring group into action?

-- Can any contingent to the monitoring group veto the group's ability to investigate something?

-- What progress have you made on creating the commission mandated in the understandings to examine Lebanon's needs? What is the next step?

Answer:

The Monitoring Group established by the April 26, 1996

Understanding has been formally constituted and held its first organizational meeting in Naqoura, Lebanon, on August 8, 1996.

The group's chairman is the U.S. Representative, David

Greenlee, with the French delegation head as the co-chair.

The number of delegation members from the five countries totals about twenty. The U.S. and French chair and co-chair have their base in Cyprus, and the others are in their respective countries. When the Monitoring Group meets as a group, it will do so in Naqoura. Any of the members can request a meeting at any time.

The Monitoring Group establishes a mechanism that may be an inhibitor on the level of violence and may contribute to furthering a climate of stability and tranquillity. By rapidly addressing allegations of violations of the agreement and providing information directly to the parties, the Monitoring Group can also help in defusing tensions and preventing the escalation of violence.

The Monitoring Group was established with the Understanding that it would operate under a rule of unanimity. In the Understanding the U.S. also agreed to "organize a Consultative Group, to consist of France, the European Union, Russia and other interested parties, for the purpose of assisting in the reconstruction needs of Lebanon." In the immediate aftermath of the hostilities, we focused on establishing the Monitoring Group. We have now begun efforts on the Consultative Group. On August 1, Special Middle East Coordinator Dennis Ross, Deputy Coordinator Aaron Miller and Deputy Assistant Secretary of State Toni Verstandig met with Lebanese Prime Minister Hariri

and EU representatives in Brussels to lay the groundwork for this new group. I also consulted with the Russians concerning the group on August 6. We hope to have more information available in the near future.

Answer Incorporates Information as of August 9, 1996

Conflict in Southern Lebanon

Question:

3. Is it accurate to say that what you achieved in 1996 was essentially a more formal, written version of the 1993 understandings?

-- Did the 1996 understandings in any way cover attacks by groups in Lebanon against the Israeli security zone inside Lebanon?

-- As part of the envisaged follow-up to the 1996 understandings, is there any effort contemplated to try to obtain an Israeli withdrawal from Lebanon to the international border in exchange for firm guarantees that the border will not be violated by attacks of any kind?

-- In your view, is Lebanon capable of providing such a guarantee or would Lebanon have to rely on Syrian help?

-- Were Iran or Hizballah directly or indirectly involved in the 1996 understandings?

Answer:

The April 26 Understanding was written and worked out through detailed discussions with Lebanon and Israel and in consultation with Syria. As such, it should prove more enduring and less susceptible to misinterpretation. This Understanding explicitly rules out attacks into Israel by Katyusha rockets or any other kind of weapon. Similarly, Israel undertakes not to fire weapons at civilians or civilian

targets in Lebanon. The use of civilian populated areas as launching grounds for attacks is explicitly prohibited.

We expect that the topic of the Israeli presence in southern Lebanon would be dealt with in the context of Israeli-Lebanese negotiations and the pursuit of a comprehensive Middle East peace. Israeli-Syrian and Israeli-Lebanese negotiations are important and should be resumed as soon as possible.

The provision of adequate security is another topic that would be addressed in the context of negotiations toward a comprehensive peace.

Neither Iran nor Hizballah were involved in our negotiation of the Understanding.

Answer Incorporates Information Available As of 8/15/96

Conflict in Southern Lebanon

Question: #4. Is it accurate that Iran is now resupplying Hizballah with arms through Syria?

- Is Syria actively supporting this resupply?
- Is Iran the main source of Hizballah's arms?
- What other sources are there?

Answer:

Syria remains on the list of state sponsors of terrorism because it continues to provide safe haven and logistical support to a variety of terrorist groups, including Hizballah. Iran is the main source of arms for Hizballah forces in southern Lebanon. While we have no evidence of direct Syrian involvement in terrorist acts since 1986, Syria does permit Iran periodically to resupply Hizballah through the Damascus Airport. However, Syria also has used its influence from time to time to restrain Hizballah rocket attacks across the Israeli border. For example, as a result of Secretary Christopher's diplomacy in April, Syria persuaded Hizballah to cease firing katyusha rockets across the Lebanese border into Israel.

Answer Incorporates Information as of August 9, 1996

Conflict in Southern Lebanon

Question:

5. During the diplomatic efforts to end the spring crisis in southern Lebanon, the United States met with both the Lebanese President and Prime Minister.

-- What did these meetings achieve?

-- Do you have any sense from these meetings that Lebanon is able to exercise its independence or is able to take positions or actions without coordinating them with Syria first?

Answer:

On April 24, President Clinton assured President Hrawi of the United States' commitments to bring an end to the hostilities in southern Lebanon; to Lebanon's sovereignty, independence and territorial integrity; and to a comprehensive regional peace. The Secretary's meetings with Prime Minister Hariri in Chtura, Lebanon and elsewhere sought not only to symbolize U.S. support but to advance the negotiations toward the Understanding.

The focus of the negotiations was to end the hostilities. In this context, the Lebanese had their own needs and requirements with respect to the Understanding and fought to have them reflected in the text. The Lebanese played an important role in concluding the Understanding.

Answer Incorporates Information as of August 12, 1996

Iran

Question:

1. What do you see as the results of the parliamentary elections held in Iran in March and April?

- Both hard-liners and more centrist factions claim to have won victory: how do you assess the outcome?
- What do you see as the impact of these elections on Iran's internal and external policies?

Answer:

The conservative Tehran Militant Clergy Association that dominated the previous parliament, or Majles, appears to have retained control despite a strong challenge by a "technocrat" group calling themselves the "Construction Servants." The re-election of Nateq-Nuri as Speaker served to confirm this victory.

Regardless of the outcome of the Majles elections, we do not foresee significant changes in external policies because the conservative-moderate debate centers on domestic social and economic issues and because the Rafsanjani government and Supreme Leader Khamenei, not the Majles, set Iran's policies in foreign affairs.

We have noted a backlash by the conservatives within Iran against so-called "liberals" in the wake of the elections, perhaps as a reaction to the narrow victory of the conservative faction. We have not seen any other significant effect on internal policies.

Answer Incorporates Information as of September 24, 1996

Iraq

Question:

1. What do you see as the strength of the exile opposition group, the Iraqi National Congress (INC)?

- What role does the INC play?
- What assistance does the U.S. provide to the INC?
- What is the U.S. relationship today with the INC?
- What kind of threat, if any, does the INC pose to the Iraqi regime?
- Is it still hobbled by internal divisions?

Answer

The United States supports the INC and maintains good relations with the organization. The INC is committed to the development of a democratic, pluralistic alternative to the current regime, uniting the country within its current borders. Its chief strength lies in its standing as an organization open to all Iraqis.

In light of recent developments, the INC faces new difficulties. We believe the INC and other Iraqi opposition organizations need to strive for improved cooperation in the face of Saddam Hussein's continued repression.

Iraq

2. Why did Germany earlier this year pull out a Transall air transport plane and 2 helicopters from support of the UNSCOM mission?

-- What has been the effect of the withdrawals of these air assets on UNSCOM operations?

-- Have you identified a government to take Germany's place (Chile was under discussion)?

-- How can UNSCOM get its job done if it has fewer--or no--support helicopters or aircraft?

Answer

I'd like to begin by expressing our deep appreciation to Germany for providing UNSCOM airlift support, both fixed-wing and helicopter, for five years, without reimbursement to date. German aircrews and support personnel have been tremendously professional and effective in a very challenging job that is central to UNSCOM's success. We salute Germany for its major contribution to UNSCOM.

On December 29, 1995, Germany withdrew one of two C-160 Transall aircraft from UNSCOM Bahrain. On January 7, 1996, Germany withdrew from UNSCOM Baghdad operations one (not two) of three CH-53G helicopters. Germany has advised that this was done for a combination of reasons: recent substantial cuts in their defense budget, considerable wear on the aircraft due to the special climatic conditions in the Gulf region, additional tasks facing the German Armed Forces--especially the IFOR mission in the former Yugoslavia, and a desire to not let this major UNSCOM commitment go on for an unlimited period of time when other UN members can share it.

The effect of these withdrawals has been that, in cases when the remaining aircraft have been grounded by maintenance problems, UNSCOM inspection team movements have been delayed.

Chile has agreed to take over the UNSCOM helicopter mission. Five Chilean UH-1H helicopters should be flying for UNSCOM from Baghdad by August 20, 1996. The USG has provided to UNSCOM strategic airlift delivery of these helicopters to Kuwait, for onward flight to Baghdad.

Argentina has offered two C-130 aircraft for the UNSCOM fixed-wing mission, but its offer is conditioned on provision of funds--to cover flying-hour, spare parts, and other costs--that UNSCOM is not yet able to provide. UNSCOM and Germany are now in a dialogue to see if Germany--which kindly has offered to be flexible in the transition phase--would be willing to continue carrying the fixed-wing mission until funds are available to bring Argentine C-130s into UNSCOM.

UNSCOM is getting its job done, given some delays, with the current German aircraft. If UNSCOM had no aircraft, the entire process of inspection and monitoring would be slowed greatly, due to major loss of mobility and total loss of the helicopter platform for close-in aerial reconnaissance.

Answer Incorporates Information as of September 24, 1996

Iraq

Question:

3. Last year, the United States helped facilitate an agreement in Dublin between the two main Kurdish factions in northern Iraq, the Kurdish Democratic Party (KDP) and the Patriotic Union of Kurdistan (PUK), to stop their fighting and secure an effective and lasting cease-fire. What has happened since that agreement was reached?

- Is the key to implementing this agreement the creation and funding of a neutral commission?
- Is it correct that you need \$2 million, including \$1 million from the United States, to get this Commission started?
- Have you identified funds for this commission, and when will you be able to move forward?
- Why has it taken so long to implement the Dublin Agreement?
- Does UN Resolution 986 increase or decrease the chances of stability in northern Iraq?

Answer

The Dublin process ended in August 1996, when the PUK's cooperation with Tehran and the KDP's cooperation with Baghdad made the existing framework for the process unworkable.

We are working on our engagement with the Iraqi Kurds under the new circumstances in northern Iraq. These circumstances have also led the UN Secretary General to review implementation of UNSCR 986, a decision we support.

Answer Incorporates Information as of September 24, 1996

Iraq

Question:

4. Operation Provide Comfort, the Turkey-based Allied Operation to overfly and protect the Kurds in northern Iraq, expires at the end of this month. That Operation requires the approval of the Turkish Parliament. Last week, the Turkish Government resigned. What do you see as the prospects for the renewal of Operation Provide Comfort at the end of the month?

-- Can you spell out the consequences for me if Operation Provide Comfort is not renewed by Turkey?

-- The mission ends?

-- The KDP (Barzani) tries to cut a deal with Saddam Hussein?

-- The PUK tries to cut a deal with Iran?

-- Fighting resumes?

-- Hundreds of thousands of Kurds try to flee to Turkey?

Answer

The Turkish Parliament extended the mandate in July for Turkey to continue hosting OPC through December. The GOT imposed restrictions before and after the latest renewal on various aspects of OPC which made the operation more difficult to conduct. In light of the current violence and instability, the GOT removed some of these restrictions. OPC flight operations enforcing the northern no-fly zone continue. Our aircrews have sufficient authorization to defend themselves if attacked.

In light of recent developments affecting the security situation and the threat to U.S. citizens, we have temporarily withdrawn the U.S. presence that has been composed of a 12-member U.S. military contingent at the coalition's Military Coordination Center (MCC) and a three-member staff making up a USAID Disaster Assistance Response Team (DART). We also are considering how to adjust OPC's humanitarian relief component so that emergency relief is provided, regardless of political developments, the security situation, or the status of UNSCR 986. UN success in coordinating an effective program over the last few years may provide a useful model for the immediate future.

We will continue looking for ways to maintain OPC's past success in maintaining pressure on Saddam Hussein; in providing relief and security for Arabs, Assyrians, Kurds, Turkomen, and others in the area; and in preventing a recurrence of the massive refugee flows into Turkey seen in 1991. OPC reflects the coalition's commitment to UNSCR 688, which demands that Iraq cease repression of its own people and allow international humanitarian organizations unrestricted access to all people in need in all parts of Iraq. OPC will continue to be conducted with due respect and support for the unity and territorial integrity of Iraq within its current borders.

Answer Incorporates Information as of August 9, 1996

Saudi Arabia

Question:

1. Last month, the Saudis executed 4 militants accused of car-bombing the U.S.-Saudi National Guard military training center.

- For the United States, does this execution mean case closed?
- Did the four have a trial? Was it fair?
- Were you aware that Saudi Arabia intended to behead these 4 militants? Are you confident that all possible information relating to the bombing incident was obtained from them before they were executed?

Answer:

Four confessed perpetrators of the November 13, 1995 OPM/SANG bombing were tried and found guilty in accordance with Saudi judicial procedures, and were beheaded on May 31, 1996. Saudi judicial procedures included several levels of Islamic appellate review, and mandatory review by the King prior to implementation of all capital punishments.

Saudi authorities reviewed with the FBI evidence that the Saudis had developed that led to the capture, conviction, and execution of the perpetrators.

If additional evidence comes to light on the OPM/SANG case, it will be up to the FBI to consider it as part of the Bureau's investigator responsibilities.

Answer Incorporates Information as of August 8, 1996

Bahrain

Question:

1. Is the unrest in Bahrain getting worse?
- What are the implications of that unrest for the for the U.S. Fifth Fleet headquarters in Bahrain?

Answer:

The unrest has followed a cyclical pattern since it began in November 1994. The situation in Bahrain has been relatively calm since mid-July, although there were a number of serious incidents earlier in the year. There may be a violent reaction if and when the Government of Bahrain carries out the death sentences of the three Bahrainis convicted of an arson attack on a restaurant in which seven Bangladeshi workers were killed. Last month the government announced a "temporary stay" of execution.

Since the unrest began nineteen months ago, there has been no indication of direct threats against or targeting of U.S. personnel or interests in Bahrain.

Answer Incorporates Information as of August 8, 1996

Bahrain

Question:

2. Are the roots of the unrest in Bahrain domestic or foreign?

- How credible are Bahrain's claims on Iranian involvement in that unrest?
- Is Iran attempting to overthrow Bahrain's government?

Answer:

The roots of the unrest appear to be domestic and involve a desire for expanded political participation and increased employment opportunities.

Iran's involvement in terrorist activities in the region is well-known. There is credible evidence that a small group of Bahraini militants, with the stated aim of overthrowing the government, had received assistance and training from Iran. Iran is known to have links to opposition personalities in Bahrain through its embassy and the Bahrain Study Center in Qom, Iran.

Answer Incorporates Information as of August 8, 1996

Bahrain

Question:

3. Shiites make up 70% of the population of Bahrain, and Shia leaders are demanding a greater say in government. They are calling on the Emir and his Sunni-led government to restore the parliament that was dissolved in 1975.

- Do you support the Emir's announcement last week that the appointed Consultative Council would be given additional powers and be able to debate the full range of issues?
- Do you support the return of an elected Parliament in Bahrain, and have you so stated to the Amir?

Answer:

We firmly support the Government of Bahrain and have encouraged the economic and social development of the country, including political reforms which address the needs of and benefit the Bahraini people. Expanding the powers of the Consultative Council and measures which provide job training and job creation are examples of such reforms.

Answer Incorporates Information as of August 8, 1996

United Arab Emirates

Question:

1. When will the UAE make a decision on the purchase of advanced aircraft?

-- Are U.S. planes -- the F-15 and F-16 -- leading candidates?

-- Is the UAE trying to revise the current Status of Forces Agreement (SOFA) with the United States, so that Islamic law would apply to U.S. personnel, and what is the U.S. response?

-- Is there any link between the UAE's proposal to revise the SOFA, and a pending decision on aircraft purchases?

Answer

The target date for a decision on fighter aircraft has already slipped. The UAE had hoped to announce its decision in the Spring of 1996. We believe that the U.S. F-15 and F-16 are the leading candidates based on performance and interoperability. The UAE has said it wishes to resolve differences regarding the jurisdiction clause of our bilateral Defense Cooperation Agreement before developing further our defense relations. Based on past cases and statements of the UAEG, we understand that civil law, not Islamic law, would apply to any U.S. personnel tried in UAE courts. The principal issue, however, is who would retain

legal jurisdiction over U.S. naval personnel on liberty in the UAE. The Department of Defense is the lead agency in the effort to resolve the DCA issue, and I would refer you to DoD for specifics of the U.S. response.

Answer Incorporates Information Available as of August 15, 1996

Libya

Question:

1. Is Libya building a chemical weapons facility inside a mountain at Tarhunah, 40 miles from Tripoli ?

- When do you think Libya will complete that facility?
- If Libya begins production at that facility, what will the United States do?
- When Defense Secretary Perry talks about "preventative measures to keep Libya from posing a threat to peace and stability, what does he mean?

Answer:

Libya is building large underground facility near Tarhunah, which we believe is intended for use in Libya's chemical weapons (CW) program. Chemical weapons production at the facility is still years away, in part because of U.S. efforts to impede Libya's progress.

The Department has long been concerned about Libya's chemical weapons program and has led a global nonproliferation effort to combat it. The U.S. and other countries maintain export controls covering not only chemicals and laboratory equipment, but other commodities we know to be destined to a chemical weapons program. This part of a larger U.S. Government effort to impede the flow of technology and materials that would assist Libya's chemical weapons program, including the imposition of sanctions

on foreign suppliers under the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991.

I refer you to the Department of Defense for comment on Secretary Perry's remarks.

Answer Incorporates Information Available as of August 15, 1996

Libya

2. Libya has stated that it is ready to talk about U.S. charges about the Tarhunah facility "without preconditions."

- Have you had any direct or indirect dialogue with Libya about this facility?
- If so, what clarification or progress have you made?

The U.S. has had no dialogue with Libya about the Tarhunah facility, but the U.S. position is absolutely clear from our public statements.

Answer Incorporates Information Available as of August 15, 1996

Egypt

Question:

1. Democracy: The November 29, 1995 parliamentary elections in Egypt were neither free nor fair.

- Why did this happen?
- What is the United States saying and doing about it? What is the response of the Government of Egypt ?
- What are the bigger messages for Egypt in last November's elections?
- What can the United States do to foster greater democratization in Egypt?
- What are the potential costs of pushing in this direction?
- What are the costs of remaining silent?
- How do you assess the likelihood that Egypt will take important incremental steps -- like changing its law (Law 32) governing the establishment and financing of non-governmental organizations? (That law makes it almost impossible for independent organizations to receive Egyptian government official recognition and thus to be eligible for assistance from other governments.)

Answer:

Parliamentary elections took place in Egypt on November 29 (first round) and December 6 (second round), of last year. The election brought an unprecedented 4,000 candidates and a strong measure of public interest. It also brought an unprecedented level of campaigning by all candidates, including those with assumed safe seats.

Both rounds of voting were marred by irregularities, many of which appeared to result from either inadequate crowd control at polling centers or a breakdown in the oversight system, which was designed to ensure the inviolability of the ballot boxes. There were also some violent incidents, mostly among supporters of competing candidates. However, we saw no pattern to the violence and no indication that either the government or any particular party was behind it in a systematic way.

We support the electoral process in Egypt and were impressed by the popular interest in the campaigns and by the large numbers of Egyptians who turned out to vote, particularly in rural areas. In some villages, voters stood in line for hours to exercise their right to vote. This was a demonstration of the desire of many Egyptian voters to participate actively in the political process.

We maintain an ongoing, active human rights dialogue with all levels of the Egyptian government and raise issues of concern on a regular basis. In addition, our Embassy in Cairo has an Institutional Development Working Group which focuses on concrete ways to support respect for human rights, legal standards and democratization in Egypt. We are involved in a Parliamentary development program, in training judges and prosecutors in electoral and legal procedures, and in training polling place observers (law enforcement officials, including judges and prosecutors) to be better able to certify the legality and honesty of elections.

President Mubarak called for free and fair elections and encouraged Egyptians to vote. The Egyptian government was concerned about reports of violence and election irregularities and was investigating allegations that some Egyptian police officials may have abused their powers during last year's Parliamentary elections. The Egyptian Administrative Court heard the complaints of more than 100 unsuccessful candidates for office, in some cases, granting their claims and invalidating the first-round results. Appeals were also made to the Higher Administrative Court.

Several messages can be taken from last year's Parliamentary elections. The system basically worked. Opposition candidates need to stand for election in order to gain seats. Because opposition parties boycotted the 1990 elections they forfeited their chances for participation in the Parliament. Egypt has discovered that it needs to improve campaign methods and to improve observation techniques at the polling places to prevent ballot box stuffing and other irregularities. The deficiency in crowd control lead to violence and even death in certain jurisdictions. The Egyptian government needs to devise adequate crowd management procedures for future elections.

After the first round, more than 100 losing candidates filed complaints in the Administrative Courts, alleging ballot-stuffing and other irregularities. The courts agreed with many of these claims and invalidated several first-round results. In a number of cases, an appeal was made to the Higher Administrative Court. The court ruled that irregularities had occurred in a number of those cases.

However, while this court has the authority to rule on whether irregularities took place, it may not remove an elected member of the assembly. Citing a 1987 decision by the People's Assembly, the Assembly's Legal Affairs Committee has invoked the doctrine of 'Parliamentary Sovereignty' in declaring that court rulings are merely advisory and that the Assembly itself is the final arbiter concerning membership validity.

As part of our bilateral relationship with Egypt, we are involved in a variety of programs where we are working with the GOE to promote civil society through increasing voter awareness and by modernizing the legal system to provide better citizen protection through the rule of law. We are working to strengthen the Parliament as an independent institution of government. The more resources that are available to enable Parliament to research, develop and enact legislation effectively and efficiently, the better able it will be to assume the role of an effective partner in the governing process. We are engaged with the Egyptian Parliament in a process trying to strengthen the independent capabilities of Parliament to become a strong legislative body and to perform more legislative functions.

Any response to the question concerning the costs of pushing toward greater democratization is necessarily speculative. Potential costs of encouraging any country to move too rapidly in the direction of internal change include possibly damaging our bilateral relationship, with consequences for both multilateral and bilateral endeavors in which we are positively engaged. While we can encourage countries to make changes

and offer assistance to them in areas where they wish to do so, the impetus for change must come from within the country.

We are not silent regarding our global commitment to promotion of democratic values. We maintain an ongoing and active dialogue with the Egyptian government at various levels on issues of concern, including human rights and democratic institution building.

The GOE considers human rights organizations to be political organizations rather than private entities and therefore refuses to license local human rights groups under Law 32, a law that strictly limits the operations of NGOs. The Egyptian Human Rights Organization (EOHR) has appealed the denial in the courts, and continues to conduct activities openly, pending a final judicial determination of its status. The government allows EOHR field workers to visit prisons, to call on some government officials, and to receive funding from foreign human rights organizations. Some other human rights organizations are registered with the government as corporations under commercial or civil law, thus avoiding the obstacles posed by Law 32. Egyptian human rights organizations and NGOs are actively lobbying the GOE for revisions to Law 32.

SyriaQuestion:

Over the last two months, there have been a series of bomb blasts in Syria, mainly in Damascus.

- What do you think these bombings represent?
- Did the United States issue a travel advisory because of the bombings?
- Is there any evidence that foreigners are a target?

Answer:

We know that some explosions have occurred in Syria, including in Damascus, in the last several months. We have no information as to the precise origin or target of the explosions, although they do not appear to be directed at American citizens or property. As a precaution, we issued a public announcement on June 3 advising American citizens of these incidents and recommending that they review their security practices while in Syria.

Answer Incorporates Information as of August 15, 1996

Morocco

Question:

1. The UN referendum process in the Western Sahara has stalled.
 - What is your view of the future of the referendum process?
 - Is MINURSO still playing a useful role in the region, or should this operation be drawn down?
 - What is U.S. policy toward the dispute between the Polisario and Morocco?
 - In your estimation, what would a fair negotiated settlement look like?

Answer:

After several months of progress in identifying potential voters for an eventual referendum to determine the future of the Western Sahara, the voter identification process grounded to a halt last fall, when neither party demonstrated the necessary flexibility, political will, or confidence in UN impartiality to break the impasse. We hope that proposed confidence building measures, such as prisoner releases, and the efforts of the UNSYG acting special representative in the territory to revive the political process will convince the parties to reconsider their attitude toward the UN settlement plan, which in our view offers the best solution to Western Sahara problem. Should there be no further progress in the referendum process, we would then have to consider other measures, such

as another reconfiguration of MINURSO, to try to impress upon the parties the urgency of the problem. We will continue to insist that the parties continue to respect the cease-fire.

We have supported the UN settlement plan and the concept of a free and fair referendum as the best approach to determine the final status of the territory and ensure regional stability. We are also prepared to support other political approaches that the parties might agree upon. A seven-month stalemate between the parties in the referendum voter identification process led the UNSYG to recommend that MINURSO be reconfigured, including suspension of the voter ID process, a significant downsizing of the civilian employee component, and reduction by 20% of the military observer contingent. While the political process remains stalled, MINURSO continues to play a valuable role in preventing fighting between the Polisario and Morocco. Renewed hostilities would have a destabilizing effect not only on the territory, but potentially upon Morocco, Algeria, and Mauritania as well.

It is in the US interest to promote a solution to the Western Sahara dispute, given the instability and violence plaguing the Maghreb (from the radical Islamic threat in Algeria to the specter of terrorism from Col. Qadhafi) and the clear importance of the issue to King Hassan, a key regional ally and supporter of the Middle East peace process and normalization with Israel. We have supported the UN settlement plan and the concept of a free and fair referendum as the best approach to determine the final status of the territory and ensure regional stability, and are prepared to support other political

approaches that are mutually acceptable to the parties. The current impasse in the implementation of voter identification is frustrating, but the US will continue to press the parties to rededicate themselves to the success of the UN settlement plan and to urge them to engage in confidence-building measures, such as repatriation of prisoners of war. We will continue to insist that the parties respect the cease-fire.

The US does not have a pre-designed formula to offer the parties to resolve the Western Sahara dispute. A vision of the future of the territory should be worked out by the parties themselves. While there are any number of possible reasonable outcomes, we assume that any settlement of the dispute would take into account Morocco's historical ties to the territory, would provide a decentralized system of government recognizing unique Sahrawi traditions, and would be internationally legitimated through the UN settlement plan referendum process.



Answer Incorporates Information Available as of August 15, 1996

Algeria

Question:

1. Mr. Secretary, following your visit to Algiers on March 18 of this year, President Zeroual began a new dialogue with opposition parties.

-- Did US policy help get this new dialogue started?

-- What steps has the U.S. taken to assist the policy of reconciliation in Algeria?

-- The Islamic Salvation Front (FIS) has not taken part in the dialogue. The FIS has not agreed to renounce violence, and has therefore not met the government's criteria to join the negotiations. Can the process lead to national reconciliation without the participation of the FIS?

Answer:

President Zeroual affirmed the importance of dialogue in his inaugural address of November 1995. President Clinton welcomed this affirmation in a letter to President Zeroual following the Algerian presidential election. During my March visit, I indicated that dialogue and democratic progress seem essential for the re-establishment of stability and expressed appreciation for President Zeroual's reaffirmation of his intent to include all Algerians who have renounced violence in this process. In April, President Zeroual followed through with his program and initiated the first round of dialogue with legal opposition parties.

U.S. policy has consistently advocated a political solution to Algeria's crisis.

Both the Government of Algeria and most opposition parties now embrace the concept of a political solution. The U.S. will support President Zeroual's policy of reconciliation as his government takes steps to broaden and accelerate the political process in Algeria.

The Algerian electorate clearly voted for an end to violence and a return to peaceful politics in the 1995 presidential election. Thus, we believe that reconciliation among all Algerians who reject violence, be they secularist or Islamist, offers the best hope for democratic pluralism in Algeria. We are encouraged by the denunciation by some FIS representatives of terrorist acts committed by the Armed Islamic Group (GIA), but remain troubled by the level of political violence that continues to plague Algeria.



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